MERCHANDISER
Special report on ethnic products—p. 43

PHARMACY
Safeway, Longs lock horns on West Coast—p. 59

DRUG STORE NEWS®

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Industry first

New food-drug hybrid opened by Texas chain

By Lou Karney

WACO, Tex. — Minyard Food Stores has unveiled a 76,000-sq.-ft. combo called Sack 'N Save that combines a food warehouse store with a deep-discount drug store. It is a first for the industry.

The 24-hour store, located in a former Woolco site 100 miles south of Dallas, has a selling area of 55,000 sq. ft., with food comprising 60% of the mix and nonfoods, including pharmacy, 40%. Pharmacy hours are 9 a.m. to 9 p.m. Monday to Saturday, and 10 a.m. to 8 p.m. on Sunday.

Minyard is playing a high-stakes game in the venture. According to Joe Pat Smith, director of retail operations for Sack 'N Save, the store must generate $8 per square foot a week to break even. That translates into almost $23 million a year.

After the first year, the store is expected to be generating about $600,000 a week, or more than $30 million a year, drawing from a 30-mile radius. "Not every consumer likes the concept—about half don't," Smith said. "That's why we have to draw from such a wide radius."

While the store has been open only a month, Minyard is so confident of its eventual success that it has drawn plans to open a second 70,000-sq.-ft. unit in six months.

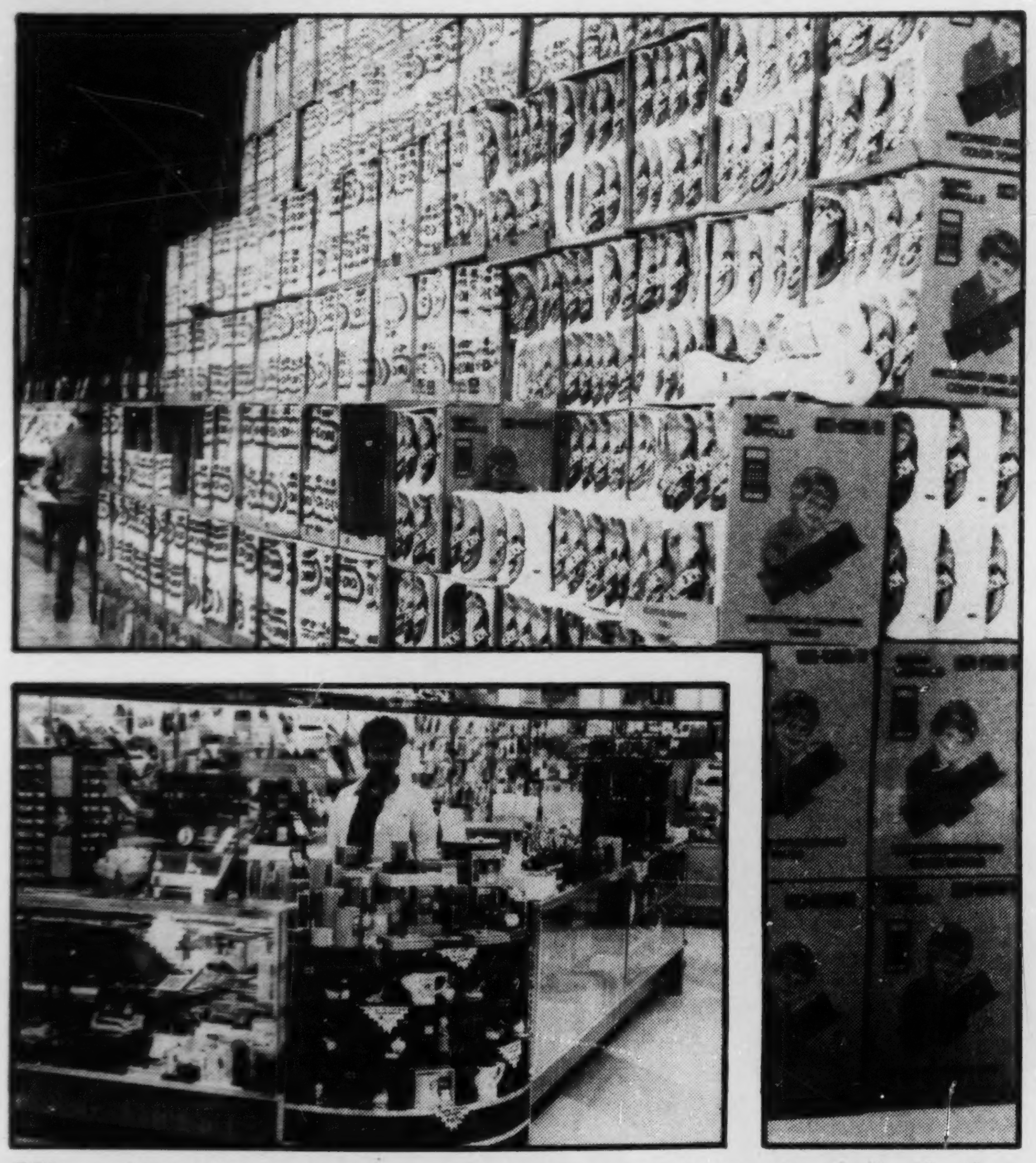
Smith designed the concept for Sack 'N Save after crisscrossing the country for six months, studying other warehouse stores. Then he tested the waters. Two years ago he converted Minyard's 22,000-sq.-ft. conventional supermarket in Halton City to a warehouse food store, using warehouse racks for dry grocery. Volume doubled.

Three months later he converted the 42,000-sq.-ft. Denton unit to warehouse, adding pharmacy and GM. The mix was 70-30, and the eye-opener was that because of pharmacy, H&BA sales quadrupled, even while pharmacy was building slowly.

"That confirmed my initial impression," Smith said. "I had heard about Cub doing $800,000 to $1.2 million a week on food, and I thought with all that traffic, what a natural it would be for nonfood."

Smith acted on his feeling with the Carollton conversion—a 20,000-sq.-ft. super-

Continued on page 76



Minyard Food Stores' unique Waco, Tex., combo has the feel of both a food warehouse outlet and a discount drug store (inset).

Fay's continues to diversify. Its latest venture is a discount paper goods store named The Paper Cutter, and Wheels, an auto parts outlet.

Fay's debuts unique paper goods center

ALBANY — With the opening of its newest retail diversification, Fay's becomes the first drug chain to combine discounted cards, books, party goods and office supplies under one roof.

Named The Paper Cutter, the 15,000-sq.-ft. retailing hybrid has the potential to crack $1 million in annual sales, according to manufacturers on hand for the recent grand opening.

According to Fay's chairman Henry A. Panasci Jr., The Paper Cutter is one example of the chain's strategy to break into specialty retailing areas that "offer the opportunity to easily transfer our skills and expertise to other profit centers."

But while the chain's other ventures—discount auto retailing and deep-discount drug store retailing—have been tried by other drug companies, The Paper Cutter is unique.

"You've never seen anything quite like this," Panasci told a visitor on opening day of both The Paper Cutter and Wheels, the company's new auto parts store (see related story). "The emphasis is on paper goods, and we're the first to discount

Continued on page 75

Chain unveils auto store on same lot

ALBANY — Fay's Drug last month unveiled a 15,000-sq.-ft. specialty auto parts outlet called Wheels.

The store opened on the same day and right next door to another diversification venture by Fay's called The Paper Cutter. The two stores are located in what was once a J. C. Penney outlet.

With the opening of Wheels, Fay's joins in what has become almost a stampede by drug

Continued on page 75

Drug Emporium adds fuel to D.C.-area discount fire

By Faye Brookman

NEW CARROLLTON, Md. — Drug Emporium, the 40-store deep-discount powerhouse, burst onto the Washington, D.C., market early this month with the opening of a 19,000-sq.-ft. store here.

The store, carved from a former Woolco site, is the Columbus, Ohio-based company's first entry into this market, which in the past six months has been transformed into a discounting hotbed.

"When we first looked at D.C. it was a soft market," said Drug Emporium's vp of operations, Gary Wilber. "It's sure toughened up since then."

The price slashing began in July when Supermarkets General, headquartered in Woodbridge, N.J., opened a 22,000-sq.-ft. Pathmark deep-discount store in Dundalk, Md. At that time, the company also announced plans for three more deep-discount outlets in the market.

That was followed by Giant Food's discount program, offering savings up to 50% on selected merchandise, with a heavy emphasis on copay plans. Safeway also reduced its prices, and Peoples Drug reacted with some discounting and large full-page advertisements reinforcing its health care image.

The price war shows no signs of subsiding. If anything, the situation is expected to intensify when Peoples unveils its first deep-discount store in a site less than 25 minutes from Drug Emporium and within range of Pathmark.

Although Pathmark has the jump on deep discounting competition, Drug Emporium will be seeking to catch up via television advertising, which has been very successful in its other markets.

According to Wilber, the company is interested in other sites within the Washington, D.C., metro market. It is not uncommon for Drug Emporium to cluster stores, partly to spread the advertising costs. Atlanta, for example, has six Drug Emporiums, Columbus, three and Los Angeles, three.

The Drug Emporium here is just one of eight new stores the

Continued on page 76

Peoples plans to open 1st deep-discount Bud's

ALEXANDRIA, Va. — Peoples Drug will join the ranks of drug chains testing the deep-discount format when it opens its own version of a low-margin, high-volume outlet called Bud's.

Named after Peoples' chairman, president and ceo Sheldon "Bud" Fantle, the new store will be a 20,000-sq.-ft. facility located on Greenbelt Road near the Washington, D.C., border. The store should be opened by the end of this year.

Peoples first announced its intentions to diversify into the deep-discount business earlier this year during the annual shareholders' meeting. Later, Barry Wilen from Hillcrest, Peoples' rack jobber, was tapped as corporate vp for retail operations. One of his first goals was to study other deep discounters in preparation for the debut of Peoples' venture. The chain also has other specialty retailing operations including

Continued on page 75

Late News

F. W. WOOLWORTH CO. is planning to open two deep-discount drug stores in Philadelphia in March on an "experimental basis." The variety store chain also plans to open three more deep discounters in 1986, but would not disclose the sites. Industry sources said the diversification is seen as an effort by Woolworth's to further decrease its reliance on the traditional "5¢ and 10¢" store concept. A Woolworth spokesman said the chain chose deep discounting because the industry isn't dominated by national retailers and because operating costs are low.

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Fay's enters deep-discount field with Jay Jay's

SYRACUSE — Fay's Drug has launched its first entry into the deep-discount field, a store called Jay Jay's that it purchased from S. M. Flickinger Co. of Buffalo.

With about $1.2 million in inventory, the huge, 38,000-sq.-ft. (20,000 sq. ft. selling) outlet—a former roller skating rink—is one of the largest of all deep-discount units.

Like most other deep-discount stores, gross margins are kept under 20%, discounts range up to 50%, and 80% of the buying is done on deal. When mature, the store could easily hit $10 million in annual sales.

To maintain an entrepreneurial spirit, Fay's uses the talents of Abe Pereira, former vp merchandising for Lane Drug, to make the opportunistic buys that are the key to deep-discounting success. George Wadowiec, a Fay's veteran, is general manager.

Pereira was hired a year ago to work on special projects, including deep-discount stores, a diversification Fay's had been wanting to try along with discount auto and office supply.

According to a spokesman for Flickinger, Jay Jay's was sold because Flickinger was purchased by Scrivener Inc., an Oklahoma-based grocery company that did not want to operate a drug outlet.

Because Jay Jay's was designed by a food chain, there are several departments that Fay's will eventually change to reflect its strong drug store merchandising strategies.

According to Pereira, for example, professional hair supplies will be incorporated into the mix as well as more upscale cosmetics and fragrance lines.

Another improvement Fay's has made is to break up the huge trial-size display Jay Jay's features. The chain had two 20-ft. trial-size runs on each side of the entrance.

"Some of these things are the food-store influence," explained Pereira. "But some of their strategies were great. Take the truckload sale for example—that's terrific," he said, referring to a huge display featuring an especially sharp price on pillows. About once a month, Fay's will feature a new truckload sale.

Genovese stresses auto, home health in latest store

LINDENHURST, N.Y. — Genovese Drug Stores has unveiled a new 20,000-sq.-ft. drug store here that showcases its latest efforts in the areas of home health care and automotive aftermarket retailing.

Located in a strip shopping center only a few miles from its Melville, N.Y., headquarters, the Lindenhurst store is among the largest ever opened by Genovese. The store, formerly a Channel Home Center, represents Genovese's second venture into home health care retailing, as well as its second effort with a full-line automotive parts department, called the Genovese Auto Warehouse.

The Genovese Home Health Care Center is actually a separate entity from the drug store, although for the time being it is drawing customers from the drug store entrance. Separate doors will be installed in the 2,000-sq.-ft. home health care store, which will enable Genovese to operate the store during different hours from the drug store. In addition, the home health unit is supported by its own sales staff, and sales and profits are being treated separately from the drug store portion of the store.

The automotive department, located in an alcove in the far corner of the store, carries accessory items and chemicals and features a service counter for hard parts. As in the case of the Jackson Heights, N.Y., store, the only other Genovese location to contain an Auto Warehouse, the Lindenhurst store carries parts mainly for domestic cars. Parts can be ordered for foreign cars and usually received within one day.

Unlike the home health care center, Genovese is treating the Auto Warehouse as it does other departments in the drug store.

The remaining departments in the store resemble a conventional Genovese drug store, however, with some subtle changes in store decor and with more space allocated to departments such as toys, stationery and greeting cards.

Toys, which typically average about 40 running feet in most Genovese stores, have been expanded to 96 ft. The section includes a wide assortment of Cabbage Patch accessories; Hasbro's Transformer Autobot Car, one of the big hits of this year's new toy entries, and three editions of Trivial Pur-

Continued on page 76

California economy prompts decision to sell Sav-On's

SALT LAKE CITY — American Stores' decision to sell off its newly acquired Sav-On food/drug combos in the San Joaquin Valley, came about because of three reasons, according to industry sources.

First, the income level of the areas was too low. Second, the farm economy, the backbone of the Valley's financial well-being, is in a depressed state. And, finally, the return on investment from the combos was not up to Sam Skaggs' expectations.

American is expected to use the proceeds from the sale of those combos as well as from the sale of 33 Alpha Beta supermarkets in Arizona to provide seed money for new Alpha Beta combos in the San Francisco Bay area.

The tip-off that American was getting out of the San Joaquin Valley came several weeks ago when Sav-On started negotiating with Lucky stores for the sale of its Delano land site (Delano is halfway between Bakersfield and Fresno).

Currently, there are five Sav-On food/drug combos in operation: Porterville, Merced, Atwater, and two in Fresno. All are 47,500 sq. ft., except Atwater which is 38,000.

Part of Sav-On's difficulty, according to a long-time retailer, stemmed from its original investment. "Sav-On paid too much for the San Joaquin properties," said one source. For example, in Sanger—now under construction, and also on the block—they paid $6 a square foot for the land, and most deals are being made at $2-$3 a foot. But then Sav-On's return-on-investment projections were lower because Jewel financed the new combos internally. As a consequence, Jewell required only 10%-11% ROI. If Jewel had used outside financing with current interest rates of 12%-13%, the ROI would have had to be higher to compensate for

Continued on page 76

New format succeeds at NACDS conference

KANSAS CITY, Mo. — Chain drug executives attending this year's NACDS Administrations/Operations conference here were able for the first time to visit exhibition booths manned by vendors displaying the latest in drug store technology.

Another first for the conference was the combining into one meeting of what in the past had been four separate meetings: the Human Resource Management Conference; the Loss Prevention Conference; the Management Information Services Conference, and the SCOPE (systems, controls, operations, personnel and EDP) Conference.

Approximately 300 retailers attended the conference including chain executives specializing in finance, loss prevention and human resources as well as management and operations information services.

The attendees were able to visit the exhibit areas during breaks in the workshop sessions. Many of the 27 vendors present were able to give "hands-on" demonstrations of a new generation of equipment.

Because of the show's success, Vince Gardner, vp pharmacy and health affairs, said that the NACDS is considering the addition of exhibit areas to future meetings where they would complement the subject matter to be discussed.

"The booths would be a natural, for instance, at our merchandising conferences," said

Continued on page 76

—News in brief—

Woods quits NARD

WASHINGTON — William E. Woods, the chief spokesman for the nation's independent pharmacists over the past two decades, retired abruptly as executive vp of the National Association of Retail Druggists late last month.

In a terse announcement of the departure, the association disclosed that Charles West, executive vp of the Arkansas Pharmacists Association, had assumed command on an interim basis.

According to the announcement, Woods played a key role in "shaping NARD" into a "pivotal force" in pharmacy circles and in developing the organization into a major association with a $4 million budget.

Word of Woods' departure caught other pharmacy and drug store industry leaders by surprise.

"Bill was one of the few constant and predictable factors in pharmacy," one of his contemporaries at a rival industry association told *Drug Store News*. "It's difficult to imagine NARD without Bill Woods."

Over the years Woods' sharp wit and even sharper tongue earned him a reputation as one of the most outspoken and controversial lobbyists in Washington. But even his detractors, many of whom were subjected to bitter criticism for disagreeing with him on policy issues, rarely questioned his commitment to the interests of independent druggists.

Toward the end of his tenure, however, Woods' open hostility to other pharmacy leaders, wholesale drug executives and industry association leaders who differed with him on pharmacy crime legislation may have proved to be his undoing.

Although NARD officials offered no explanation for Woods' sudden retirement, the announcement was made following a nonpublic meeting of the association's board, which had undergone recent membership changes.

Walter Feltman dies

NEW ORLEANS — Walter Feltman, executive vice president and a director and member of the executive council of K&B Inc., died Oct. 16 while attending a NACDS SCOPE meeting in Kansas City.

Feltman joined K&B on Oct. 3, 1966, as store operations director, a position he maintained at the time of his death. Private funeral services were held in New Orleans on Oct. 19.

McKesson net earnings rise

SAN FRANCISCO — McKesson Corp. reported that net earnings for the third quarter ended Sept. 30 increased slightly to $16.77 million from $16.69 million during the same period the previous year.

The earnings figure for the third quarter this year includes income from discontinued operations of $34,000. The 1983 quarterly figure includes income from discontinued operations of $767,000.

Sales for the third quarter increased 14% to $1.17 billion from $1 billion in the third quarter in 1983.

Earnings for the nine-month period ended Sept. 30 dropped slightly to $32.2 million from $32.4 million in 1983. The 1984 figure includes income from discontinued operations of $725,000 and the 1983 figure includes income from discontinued operations of $805,000.

Sales for the nine-month period rose 14%, increasing to $2.3 billion from $2 billion during the same period in 1983.

On a per-share basis third-quarter earnings increased to 88¢ from 87¢. For the nine-month period, earnings dropped to $1.67 from $1.68.

Index

Classified 75
Financial 6
Special report: Ethnic products 43
Pharmacy 59
Merchandise News 71

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FINANCIAL

Hook's third-quarter earnings drop by 28.6%

INDIANAPOLIS — Hook Drug reported that its third-quarter earnings fell 28.6% to $1.28 million from $1.8 million during the same quarter in 1983.

The company said that the earnings drop reflected increased expenses related to new store development, higher-than-expected operating costs and a sales growth rate that fell below the 12% pace targeted by the chain prior to the start of fiscal 1985.

Hook's sales for the third quarter, ended Sept. 30, totaled $86.1 million, up 8.8% from the $79.2 million registered in the third quarter of 1983.

On a per-share basis, earnings for the third quarter fell to 29¢ per share from 41¢ in 1983.

Through the first nine months of the fiscal year, Hook's net income was off 17.8% to $4.6 million from nearly $5.6 million earned during the first three quarters of last year. Nine-month earnings were down 18% to $1.29 from $1.06 last year.

Hook's nine-month sales rose 9.4% to $254.5 million from $232.7 million the previous year.

J. Douglas Reeves, Hook's chairman, president and ceo, expressed confidence that the chain would be able to produce "favorable results" in the fourth quarter.

Commenting on the results from the third quarter and previous two quarters, Reeves said: "In mid-August as the dimensions of the situation became evident, management designed an impressive corporatewide program of cost control and sales management. These measures were developed with the full participation of all employees."

Although Reeves did not disclose the specific nature of the cost control and sales enhancement measures, he said that "most are now in place and are operational."

During the third quarter, the company also said that it opened four new stores, bringing its total store count up to 312.

39
Gainers

3
Unchanged

14
Losers

Top five gainers

Company	2-week % change	Closing price 10/22
Drug Systems	+37.50	$ 5.50
Carter-Wallace	+17.32	26.25
Upjohn Co.	+15.93	61.88
Forest Labs	+15.38	15.00
Pay Less NW	+13.41	23.25

Top five losers

Company	2-week % change	Closing price 10/22
Newport Pharm	−17.78	$ 4.63
Cardinal Dist	−17.16	13.88
Rorer Group	− 7.50	27.75
Hook Drug	− 5.03	21.25
Thompson Med	− 4.17	17.25

		STOCK PRICE							TREND TO MARKET				EARNINGS/SHARE					P/E	DIVIDENDS			FINANCIAL POSITION					
		From 10/05/84 - 10/22/84							Price Trend (% per day)		Volume Trend (% per day)			Latest 12 Months vs Preceding 12 Months Change					Indicated Dvd. rate			Last Fiscal Year			Last Fiscal Year (Per Share)		
					Change		52-Week																				
Name	Symbol	High	Low	Close	Amt	Pct	High	Low	Last 30 Days	Last 5 Days	Last 30 Days	Last 5 Days	Last Fiscal Year	Amt.	Pct	5-Year Annual Growth Rate	Profit Margin	Latest P/E Ratio	Amt.	Yield	Last X-Dvd. Date	Revenue	Earnings	Current Ratio	Long Term Debt	Common Stock Equity	Last Balance Sheet Date
-	-	$	$	$	$	%	$	$	%	%	%	%	$	$	%	%	%	-	$	%	-	$ Mil	$ Mil	-	$	$	-
Chain Store transactions																											
Adams Drug	ADG	24.38	23.88	24.13	.13	.52	24.38	11.00	1.76	-.35	3.44	-7.77	1.74	.60 S	48.7	40.0	2.4	13.2	.04	.2	09-10-84	302.1	7.1	3.2	7.78	11.40	1283
Am Stores	ASC	40.00	37.88	39.88	1.50	3.91	43.38	26.50	-.01	-.10	-1.29	-21.79	3.61	.87 S	27.9	51.0	1.5	10.0	.64	1.6	09-18-84	7983.7	117.9	1.5	12.39	15.26	0184
Begley Co	BGLY	15.50	15.50	15.50	.00	.00	21.25	14.50	.04	-.45	.67	-50.00	1.47	1.46 N	NC	-10.0	1.4	10.6	.68	4.4	10-16-84	56.8	.8	1.8	11.50	17.52	0383
Big B	BIGB	11.38	11.25	11.25	-.13	-1.10	13.25	8.88	.21	-.73	2.32	-15.75	.53	.14 S	31.1	23.0	3.0	19.1	.00	.0	09-21-83	117.0	3.5	2.3	.18	3.88	0184
Drug Sys	DRGS	5.50	4.00	5.50	1.50	37.50	7.50	3.25	.33	1.99	3.62	-63.41	.56	-.16 F	-22.2	NC	2.1	9.8	.00	.0	01-25-84	82.3	1.7	2.8	2.40	3.12	0383
Eckerd, Jack	ECK	28.75	26.00	27.88	1.63	6.19	29.38	20.25	.45	.05	4.10	19.98	2.27	.36 F	18.8	4.0	3.3	12.3	1.00	3.6	09-10-84	2622.5	85.4	2.0	.30	15.17	0783
Fay's Drug	FAY	11.50	10.25	11.00	.50	4.76	14.50	8.38	.05	-.97	1.33	6.19	.60	.15 S	29.4	52.0	2.6	16.7	.20	1.8	09-24-84	312.4	8.1	1.7	1.78	3.82	0184
Genovese Drug	GDX	14.38	13.75	14.00	-.38	-2.61	20.50	11.50	.10	-.20	-.27	-19.14	.96	.25 S	32.0	70.0	2.0	13.6	.20	1.4	09-17-84	193.8	3.9	1.9	2.83	4.92	0184
Hook Drugs	HOOK	22.50	21.00	21.25	-1.13	-5.03	29.50	18.50	-.08	-1.28	-7.12	-28.47	2.01	-.07 S	-3.5	8.0	2.7	11.2	1.00	4.7	10-09-84	320.5	8.7	1.7	2.75	10.38	1283
Longs Drg Strs	LDG	44.13	41.13	43.75	2.25	5.42	49.75	34.00	.07	1.15	-2.09	36.04	3.43	.41 S	12.9	11.0	3.0	12.3	1.28	2.9	08-28-84	1214.4	36.4	1.9	.00	21.13	0184
Pay N Save	PAYN	23.63	22.25	23.00	-.25	-1.08	28.75	14.38	.01	.14	-10.53	-21.16	2.02	-.23 S	-13.2	.0	2.5	15.3	.60	2.6	08-20-84	1220.5	30.1	2.0	9.01	14.37	0184
Pay Less NW	PAY	23.50	20.00	23.25	2.75	13.41	23.50	14.00	-.06	1.70	-.27	22.31	1.35	.34 S	29.8	4.0	2.9	15.7	.34	1.5	09-17-84	852.9	24.7	1.8	4.62	7.19	0184
Perry Drug	PDS	17.63	16.75	17.00	-.63	-3.55	19.88	12.38	-.06	-.97	-.70	-1.78	1.02	.45 N	52.9	12.0	1.6	13.1	.24	1.4	08-21-84	285.5	4.5	2.2	2.78	9.75	1083
Revco Drug	RDS	30.63	27.00	27.88	-.75	-2.62	37.50	24.00	-.02	-2.46	-1.15	18.17	2.54	.52 Q	26.0	26.0	4.2	11.1	.80	2.9	08-20-84	2227.5	93.4	2.1	1.08	12.22	0584
Rite Aid Corp	RAD	26.13	22.00	25.50	2.00	8.51	26.50	17.50	.02	-.24	4.13	-14.08	1.47	.30 S	23.4	29.0	5.1	16.1	.51	2.0	10-09-84	1223.3	62.2	2.3	.49	7.68	0284
Thrifty Cp	TFD	20.38	18.00	20.00	1.88	10.34	20.38	11.50	.28	-.08	-4.17	-29.24	1.13	.27 N	25.7	19.0	1.9	15.2	.52	2.6	08-06-84	1187.8	22.5	1.5	5.39	6.83	0883
Walgreen Co	WAG	42.63	37.50	42.50	4.25	11.11	42.63	28.63	.16	.69	2.13	-.47	2.27	.58 N	27.8	33.0	3.0	16.0	.88	2.1	11-07-84	2360.6	69.8	1.6	1.76	11.47	0883
Wholesaler's transactions																											
Bergen Bruns	BBCA	23.88	22.00	23.63	.25	1.07	29.25	19.00	.21	1.23	5.37	-55.29	1.86	.26 F	16.2	37.0	1.4	12.7	.32	1.4	07-26-84	1703.4	23.4	1.6	1.22	9.99	0883
Cardinal Dist	CDIC	17.00	13.88	13.88	-2.88	-17.16	19.25	13.88	-.37	-5.37	1.97	68.15	1.01	.99 Q	NC	23.0	1.1	14.0	.00	.0	00-00-00	243.3	2.6	1.8	1.01	6.50	0384
Durr Fillauer	DUFM	14.00	12.75	13.75	.50	3.77	16.25	10.25	-.18	-.48	.12	-43.05	.80	.09 S	12.0	21.0	1.9	16.4	.16	1.2	08-20-84	263.2	5.0	2.3	2.03	6.80	1283
McKesson Cp	MCK	39.00	37.50	38.13	-.63	-1.61	44.25	32.38	.05	-.28	-.17	-.31	3.25	-.07 Q	-2.1	.0	1.5	11.9	2.40	6.3	08-28-84	4260.0	63.0	1.4	10.45	30.25	0384
Foxmeyer Cp	FOXM	24.75	23.25	24.75	1.00	4.21	26.75	20.00	.00	-.05	-8.54	17.05	1.27	.33 F	35.1	51.0	1.1	19.5	.00	.0	00-00-00	464.2	5.2	2.0	3.95	11.86	0384
Ketchum	KCH	17.13	14.75	16.50	.50	3.13	20.19	10.09	.50	1.54	4.27	-52.13	.77	-.26 Q	-29.2	87.0	.3	26.2	.00	.0	09-24-84	245.1	.8	1.5	6.37	6.74	0484
Owens & Minor	OBOD	14.75	13.25	14.75	1.25	9.26	17.50	11.25	.03	.24	6.90	-54.67	1.41	.17 S	14.5	10.0	1.2	11.0	.36	2.4	06-06-84	255.2	3.0	2.8	5.07	11.69	1283
Spectro Indus	SPO	25.50	23.63	25.50	1.25	5.15	25.50	15.50	.17	-.19	.83	-37.30	1.78	.72 S	48.9	57.0	1.8	11.6	.14	.5	09-24-84	395.4	7.2	1.7	2.46	8.88	0384
Manufacturer's transactions																											
Abbott Labs	ABT	43.00	36.75	41.75	3.00	7.74	51.50	36.75	-.57	.94	2.17	-24.19	2.86	.50 N	18.5	25.0	11.9	13.0	1.20	2.9	10-09-84	2927.9	347.6	1.9	4.00	11.71	1283
Am Home Prod	AHP	50.75	46.75	49.88	1.38	2.84	55.75	46.75	-.14	1.14	3.24	-5.39	4.00	.46 S	12.2	16.0	12.9	11.8	2.64	5.3	08-07-84	4856.5	627.2	3.0	.00	13.14	1283
Baxter Travenol	BAX	14.63	12.50	13.88	.13	.91	27.75	12.50	-.60	.44	.92	12.40	1.45	-.18 N	-12.7	18.0	11.8	11.3	.33	2.4	08-31-84	1842.5	218.1	1.7	1.60	8.17	1283
Block Drugs Co	BLOCA	27.00	27.00	27.00	.00	.00	28.25	25.00	.08	-.47	-9.42	-16.67	3.28	.32 Q	10.5	16.0	10.0	8.1	1.00	3.7	08-28-84	238.2	23.9	2.3	2.41	20.68	0384
Bolar Pharm	BLR	25.88	24.00	25.75	.63	2.49	32.00	17.50	-.50	-.24	-4.91	-31.73	1.15	.13 S	13.0	46.0	19.2	22.8	.05	.2	02-10-84	25.5	4.9	4.9	.00	4.76	1283
Bristol-Myers	BMY	49.63	43.63	48.00	3.38	7.56	50.38	40.75	-.12	1.05	.70	-11.28	3.00	.47 S	16.9	19.0	10.4	14.8	1.60	3.3	10-01-84	3917.0	408.0	2.4	.71	13.99	1283
Carter-Wallace	CAR	26.50	22.25	26.25	3.88	17.32	26.50	19.38	.01	1.64	2.76	27.29	2.37	1.91 Q	329.3	31.0	5.7	10.5	.48	1.8	07-26-84	323.1	18.4	2.4	1.69	21.87	0384
Cooper Labs	COO	17.88	16.38	17.38	.13	.72	27.00	10.38	-1.01	-.09	-1.70	-20.87	.51	-.04 N	NC	NC	3.5	NE	.12	.7	03-12-84	232.5	8.2	1.9	4.36	13.07	1083
Forest Labs	FRX	15.00	12.63	15.00	2.00	15.38	32.25	11.25	-.22	3.43	-6.32	26.14	.54	.08 Q	16.6	56.0	14.8	26.8	.00	.0	01-14-83	19.6	2.9	8.3	.28	5.42	0384
ICN Pharm	ICN	9.75	8.75	9.00	-.38	-4.00	9.75	4.88	.27	-.62	-2.11	-21.92	.22	-.09 S	-32.1	42.0	5.1	47.4	.00	.0	00-00-00	37.0	1.9	4.3	.20	4.34	1183
Key Pharm	KPH	12.38	11.25	11.88	.25	2.15	20.25	10.63	-1.33	-.27	4.07	32.42	.51	.20 S	50.0	78.0	14.8	19.8	.16	1.3	09-10-84	127.3	18.8	2.1	1.16	1.67	1283
Lilly Eli Co	LLY	60.75	56.75	60.13	2.88	5.02	68.38	53.00	.28	-.29	-.12	-11.07	6.13	.96 S	17.2	12.0	15.1	9.2	2.90	4.8	08-09-84	3033.7	457.4	1.9	1.23	28.86	1283
Lee Pharm	LPH	2.88	2.75	2.75	.00	.00	3.75	2.00	-.22	-.90	-5.73	-53.57	-.49	.23 N	NE	-92.0	-14.3	NE	.00	.0	00-00-00	7.0	-1.0	2.6	.41	1.53	0983
Marion Labs	MKC	40.75	36.00	40.00	1.38	3.56	44.00	27.25	.04	1.03	2.78	-22.05	1.24	.46 F	58.9	55.0	10.6	32.3	.40	1.0	09-12-84	226.4	24.1	2.5	.05	5.93	0683
Merck & Co	MRK	87.50	79.75	86.25	3.75	4.55	99.50	78.25	.00	.93	1.98	8.65	6.10	.53 S	9.0	7.0	13.9	13.6	3.00	3.5	08-31-84	3246.1	450.9	1.7	5.21	32.92	1283
Morton Thiokol	MTI	91.00	82.63	89.63	4.25	4.98	91.00	60.00	.32	.90	-1.45	20.43	6.50	1.35 F	26.2	23.0	5.5	13.8	1.76	2.0	08-27-84	2001.5	109.8	1.5	8.82	37.54	0684
Mylan Labs	MYLN	27.75	24.25	27.75	3.25	13.27	35.13	8.22	.47	1.00	-5.22	30.05	.40	.24 Q	77.4	98.0	12.7	50.5	.03	.1	08-01-84	36.9	4.7	5.4	.21	1.52	0384
Newport Pharm	NWPH	5.75	4.63	4.63	-1.00	-17.78	9.63	2.75	.81	-4.82	-4.18	-8.59	-.21	-.18 F	NE	9.0	-26.0	NE	.00	.0	00-00-00	7.7	-2.0	2.6	.22	.93	0484
Pfizer Inc	PFE	38.75	33.88	36.00	1.00	2.86	41.13	29.38	.02	-.44	2.92	9.11	2.73	.53 S	22.4	18.0	11.9	12.5	1.32	3.7	07-26-84	3750.0	447.1	2.1	3.03	13.67	1283
Reid Prov Labs	REID	3.25	3.13	3.13	-.13	-3.85	4.75	2.75	.33	-1.41	-3.66	-30.77	.12	.02 F	20.0	107.0	6.7	26.0	.04	1.3	12-10-84	13.4	.9	3.1	.03	.80	0683
Robins, AH	RAH	21.25	17.50	19.25	1.50	8.45	27.25	12.00	.65	1.20	-1.82	37.92	2.40	-.29 S	-12.7	15.0	10.3	9.7	.76	3.9	08-20-84	563.5	58.2	3.2	1.36	14.69	1283
Rorer Group	ROR	30.50	27.75	27.75	-2.25	-7.50	34.25	25.25	-.62	-1.89	-3.83	17.44	2.02	.28 S	15.3	10.0	8.9	13.2	1.08	3.9	08-06-84	475.3	42.4	2.0	2.18	10.43	1283
Scherer RP Co	SCHC	10.38	9.13	9.50	.13	1.33	18.75	8.88	.33	-1.81	.51	9.51	.52	-.40 Q	-44.4	-5.0	2.3	19.0	.32	3.4	09-12-84	171.7	4.0	1.9	4.83	11.14	0384
Searle, GD	SRL	61.00	57.75	58.13	.13	.22	61.00	37.50	.79	-.84	1.06	-41.61	2.39	.77 S	35.3	15.0	12.6	19.7	.52	.9	11-02-84	946.0	119.0	2.4	3.62	14.85	1283
Squibb Corp	SQB	48.88	45.63	47.75	1.38	2.97	51.88	37.50	.13	-.03	1.32	-16.75	3.31	.38 S	12.2	11.0	9.8	13.8	1.44	3.0	08-13-84	1768.9	173.3	2.4	3.86	23.24	1283
Sterling Drug	STY	28.00	25.75	27.50	1.25	4.76	29.63	23.50	.24	-.14	.34	13.52	2.24	.15 S	6.9	7.0	7.2	11.9	1.16	4.2	08-09-84	1901.2	136.8	2.7	1.44	14.96	1283
Syntex Corp	SYN	48.75	45.50	48.38	2.25	4.88	59.88	37.75	.07	.58	-4.04	41.40	4.08	-.22 F	-5.1	28.0	14.7	11.9	1.60	3.3	08-13-84	916.5	134.6	2.2	3.37	18.11	0783
Thompson Med	TM	18.63	17.25	17.25	-.75	-4.17	26.50	13.25	-.87	-.89	1.81	9.71	1.65	.78 S	55.7	70.0	11.0	7.9	.40	2.3	09-11-84	149.4	16.5	3.2	.00	5.85	1183
Upjohn Co	UPJ	63.25	52.75	61.88	8.50	15.93	72.25	45.00	.34	2.37	3.56	18.90	5.28	1.59 S	35.8	3.0	8.1	10.3	2.56	4.1	10-01-84	1986.1	160.2	2.2	18.02	34.74	1283
Warner-Lambrt	WLA	34.25	30.50	33.63	2.50	8.03	36.75	27.75	-.05	1.61	-1.14	15.27	2.51	.51 S	23.3	1.0	6.5	12.5	1.48	4.4	08-06-84	3108.3	200.5	1.9	7.53	17.75	1283
Zenith Labs	ZENI	16.88	16.25	16.50	-.38	-2.22	18.50	12.00	-.17	-.43	-2.82	-33.79	.73	-.43 S	-45.2	56.0	7.8	31.7	.00	.0	00-00-00	32.1	2.5	4.6	1.12	5.12	1283

All data is based on sources believed to be reliable, but its accuracy is not guaranteed. Every effort will be made to correct errors, when discovered, in future issues.

Footnotes:

NA - Not Applicable
NC - Not Calculable
NE - Negative Earnings
NM - No Meaningful Figure
Q - First Quarter
S - First 6 Months
N - First 9 Months
F - Fiscal Year

Data and Table Prepared by Media General Financial Services, Inc., Richmond, Virginia 23219

Where the Top 25 Stand with Naturals

Chain Name	# of stores	snacks/ foods	vitamins/ minerals	H&BA/ cosmetics	Herbal teas/ herbs	Books & magazines	natural private label	comments
Walgreens	1,006	Yes	Yes	Yes	No	No	Yes vitamins	in-line merchandising
Eckerd	1,425	Yes	Yes	Yes	No	Yes	Yes vitamins	strong push of private label naturals
American Stores (including Osco)	725	Yes	Yes	Yes	Yes	Yes	Yes vitamins	extremely large commitment, especially in vitamins
Revco	1,760	Yes	Yes	Yes	No	Yes	Yes vitamins	in-line merchandising
Thrifty	537	Yes	Yes	Yes	No	Yes	Yes vitamins	in-line merchandising
Longs	176	Yes	Yes	Yes	Yes	Yes	vitamins, H&BA	large departments, success with bulk foods, natural snacks, tea and no salt items
Rite Aid	1,206	No	Yes	Yes	No	No	vitamins	in-line merchandising
Peoples	600	Yes	Yes	Yes	Yes	Yes	vitamins	some test departments
Pay Less	149	Yes	Yes	Yes	Yes	No	Yes vitamins	chain is currently disbanding nutrition centers in favor of in-line positioning
SupeRx	620	Yes	Yes	Yes	Yes	some units	Yes vitamins	currently reviewing category for possible changes
Pay 'n Save	138	No	Yes	Yes	Yes	Yes	Yes vitamins	Tested Health Spectrum in two stores, expanded to Western Washington stores
CVS	520	No	Yes	Yes	Yes	No	Yes vitamins	in-line
Gray Drug Fair	410	Yes	Yes	Yes	No	No	Yes vitamins	in-line
Thrift	366	Yes	Yes	Yes	No	Yes	Yes vitamins	in-line
K&B	122	Yes	Yes	Yes	Yes	Yes	Yes vitamins	in-line
Dart	74	No	Yes	Yes	No	Yes	Yes vitamins	cross merchandising
Adams	430	Yes	Yes	Yes	No	Yes	Yes vitamins	in-line
Hook	296	Yes	Yes	Yes	No	No	Yes vitamins	strong vitamin push
Perry Drug	210	Yes	Yes	Yes	Yes	Yes	Yes vitamins	strong nutrition center push in markets where demographics are right
Fay's	111	Yes	Yes	Yes	Yes	Yes	Yes vitamins	operates nutrition centers cross merchandises key items
Snyder's	92	Yes	Yes	Yes	Yes	Yes	Yes vitamins	strong natural products push
Genovese	79	Yes	Yes	Yes	Yes	Yes	Yes vitamins	starting to move items from nutrition center to in-line
Medi Mart	120	Yes	Yes	Yes	Yes	Yes	Yes vitamins	reducing nutrition departments, retaining fast movers
Duane Reade	21	Yes	Yes	Yes	Yes	Yes	Yes vitamins	in-line
Super D	92	Yes	Yes	Yes	No	No	Yes vitamins	in-line

MERCHANDISER

Special report:
Ethnic products

Chains, wholesalers expand ethnic lines

As the ethnic category continues to heat up, more and more drug retailers are increasing their commitment, and now even wholesalers are entering the fray for the first time.

Most drug retailers report that they have added space and sku's to their ethnic sections in the past year, while several major chains say they plan to introduce departments chainwide.

The success of the category has also captured the attention of several major wholesalers, who say they will offer specialized planograms to their customers.

Among the major developments:

- SupeRx is creating its own planograms ranging from 3 ft. to 48 ft. and is working with the American Health & Beauty Aids Institute to develop a program for ethnic cosmetics.
- Hook Drug has added over 50 ethnic hair care items to its warehouse in the past year.
- Gray Drug last month began promoting ethnic products on a chainwide basis.
- At least three major wholesalers—McKesson, Bergen Brunswig and Fox-Meyer—have drawn up ethnic department planograms for their customers.
- Judith Lynn and Ben Sheftall are among the ethnic product distributors that have expanded their lines to include Hispanic.

Stories by Gail Appleson

This burst of activity is indicative of the efforts not only to improve the merchandising of the ethnic mix, which can yield margins as high as 45% and turns of up to 19, but also to keep with the growing population of blacks and Hispanics.

In the past decade, the black population has shot up 18%—three times that of whites. Today blacks make up about 12% of the entire population, and it is predicted they will account for 12.8% in 1993. In 1980, blacks spent close to $400 million on health & beauty aids and cosmetics. By 1983, that figure had grown to about $2 billion.

Because of their special hair care needs, blacks spent most of their H&BA dollars on hair care. In 1983, 41% of those dollars—or $820 million—went for hair care products. Purchases of ethnic products made up 27% of the entire $3 billion hair care market.

The Hispanic market is also growing rapidly. It is estimated that the more than 22 million Hispanics who live in the United States spend more than $60 billion annually. What's more, the Hispanic population is increasing 6.5% faster than the population at large.

A study released in September by Yankelovich, Skelly & White Inc., concluded there has been a distinct "blurring of differences" between U.S. Hispanics of varying national origins and thus, "the marketer could consider all Hispanics in aggregate as [one] consumer segment."

On the other hand, the study showed that there has been a rise in Hispanic identification since 1981 and a greater desire by Hispanics to pass traditions along to their children.

Because of their willingness to offer and promote full lines of ethnic products, drug chains continue to be the primary outlet for retail sales of these products. In 1983, according to A. C. Nielsen, 58% of all ethnic hair care dollars were spent in drug stores, an 11% increase over 1982. In comparison, 24% of the dollars were spent in food stores (up 19%) and 18% in mass merchandisers (a 7% increase).

As for unit sales, drug stores held 54% of the market, up 6%, while food stores had a 29% share (up 19%) and mass merchandisers, 17% (an 8% decrease).

Because hair care is the dominant part of this category, the changes that are occurring and which are predicted are of particular importance to retailers and wholesalers. The most significant current questions: What will happen to the curl market, and is straightened hair the next strong trend?

Hair care

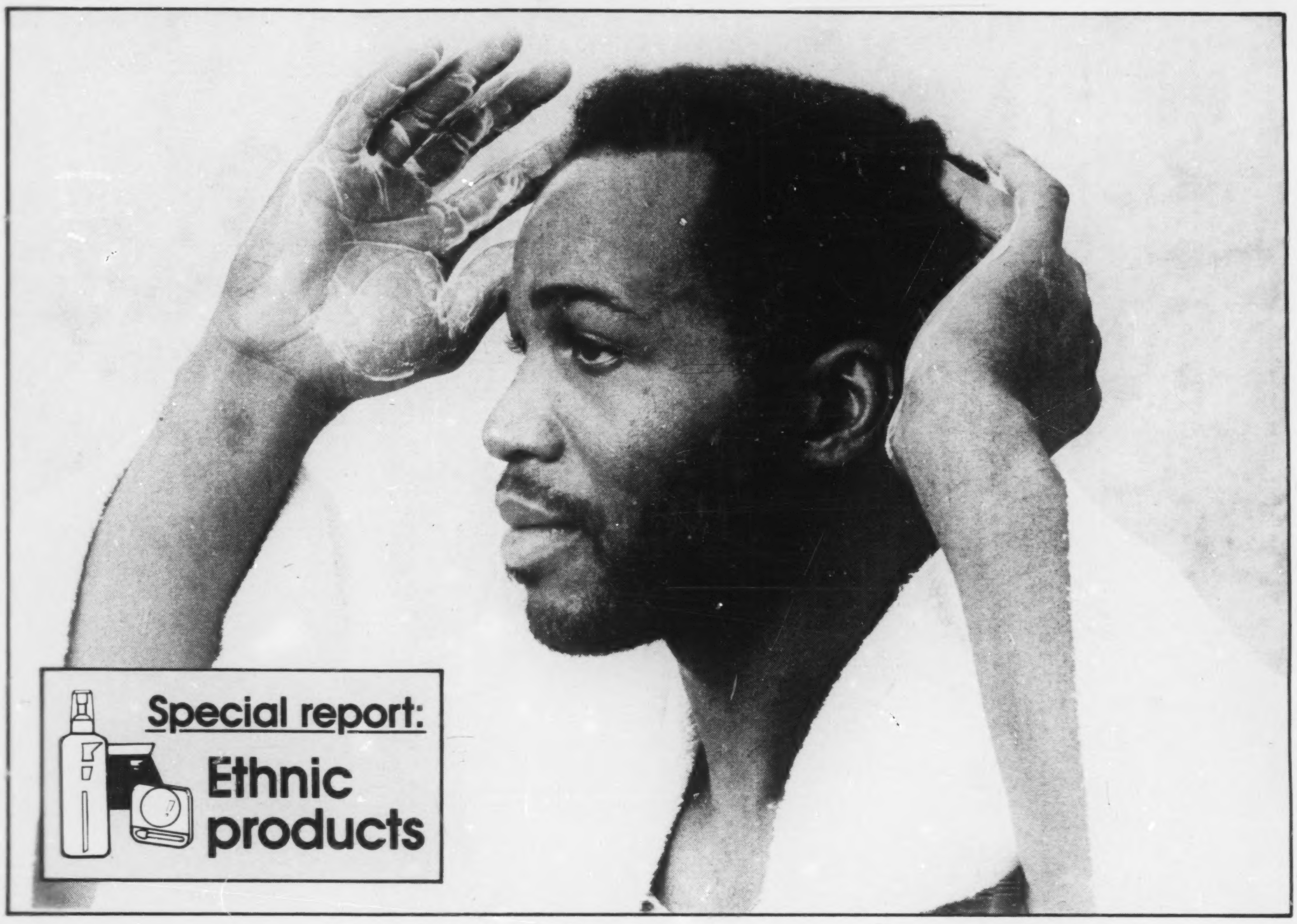
Between 1978 and 1983, the curl market generated $143 million in activator sales and $79 million in kit sales. Most industry sources say the market is still strong, but sales have leveled off and

Continued on page 44

Inside Merchandiser

44-52 • Special report: Ethnic products
54 • Cosmetically Speaking by Faye Brookman
57 • Pet care industry ready to explode

Chains, wholesalers expand ethnic lines



Special report: Ethnic products

Continued from page 43

many say the strength is regional.

According to Karen Nelson, assistant product manager for M & M Products Co. in Atlanta, geography has a lot to do with the popularity of the curl. "In the South and West you see more curls. It's a convenience because of the heat and humidity," she said. "In the North and East, women have gone back to relaxing their hair."

Armand Jackson, senior product manager for the professional products division of Alberto Culver, makers of TCB, said that relaxers are definitely on the increase. "The curl business is leveling off, but there are still a large number of people with curls. There are certain pockets where it is still doing quite well."

Walt Smith, general manager of Worlds of Curls, and Lou Parent, senior vp of Carson Products, also agreed there is a trend toward straightened hair for women and away from the curl. The manufacturers also said the wave has become popular for men.

On the other hand, Beauty Enterprises, an ethnic products distributor in Hartford, Conn., reported an increase in sales of curl kits and related maintenance products between October 1983 and 1984. According to Rocky Piccirillo, director of operations, curl products made up 49.6% of their sales, up 6.8%, and wave products increased by 11%. In comparison, relaxers made up 10.9% of the rackjobbers' sales, a 1.2% decrease.

Yet, manufacturers are predicting these sales figures will begin to change in the next 12 to 24 months and are gearing up to meet new consumer demands.

For example, TCB and Worlds of Curls will be among those manufacturers soon introducing new relaxer and grooming products. "That's the direction we're moving," said Smith of Worlds of Curls.

Industry sources are now curious as to whether a trend toward straightened hair will mean better sales for ethnic mousses, a new subcategory that has been moving slowly in comparison with the mass-marketed product.

Jackson said that TCB, which recently introduced a mousse, was hopeful that with the trend toward straightened hair and an advertising campaign that began in October, sales would be good.

Smith and Nelson said their companies may be looking into mousse in the future, but Parent said his company had rejected the idea. "They just don't seem to be catching hold in the ethnic market," he said.

In another area of hair care, Parent said hair coloring was doing well. Carson estimates that 25% of all black women have tried it and 85% continue to buy hair coloring. He pointed out the biggest challenge was convincing chains to display ethnic hair color with the mass marketed products. "When a woman wants color, she goes to where the color is."

Parent said lighter and brighter shades are now popular, and that the company was having a good response to its three new shades, light brown, fiery auburn and honey blonde.

Cosmetics

Another developing ethnic category is cosmetics. So far, all ethnic cosmetics sold in drug stores have been blister-packed and dominated by Posner, Ultra-Sheen, Zuri and Honey & Spice. Chain drug store buyers disagree over how well these cosmetics sell. There's also no consensus about whether the problem lies with how they are displayed and promoted or whether there just isn't a market.

"We're doing extremely well," said Pat Duckworth, cosmetics buyer at Peoples Drugs, about the pegged ethnic cosmetics. She said the stores have 2- and 4-ft. ethnic cosmetics departments.

Duckworth said the nail polish and lipstick are selling best, and that a new hot item this year is Honey & Spice's artificial fingernails.

Peoples, which has ethnic departments in 93 of its stores, does all its cosmetics planogramming in-house. "By offering stores a good mix with a lot of planograms, they're more willing to get involved," she said.

She said that at one time Peoples did poorly with ethnic cosmetics because the stores weren't carrying full lines. "One of the problems dealing with ethnic cosmetics is that a lot of stores don't understand what to carry. The ethnic sales are there. There's no doubt about it."

However, some buyers disagreed. One cosmetics buyer for a large Southern chain said there are no strong ethnic cosmetics programs available to drug stores. "Black women still go to department stores for Fashion Fair and spend $10 when they could get Honey & Spice for $3.79."

Helen James, cosmetics buyer for Hook, said there doesn't seem to be strength in any one brand of ethnic cosmetic. "Blacks still haven't found what they want," she said.

Piccirillo of Beauty Enterprises said he felt sales in ethnic cosmetics were not stronger because many colors are duplicated in mass-marketed lines and because the blister packs discourage impulse sales.

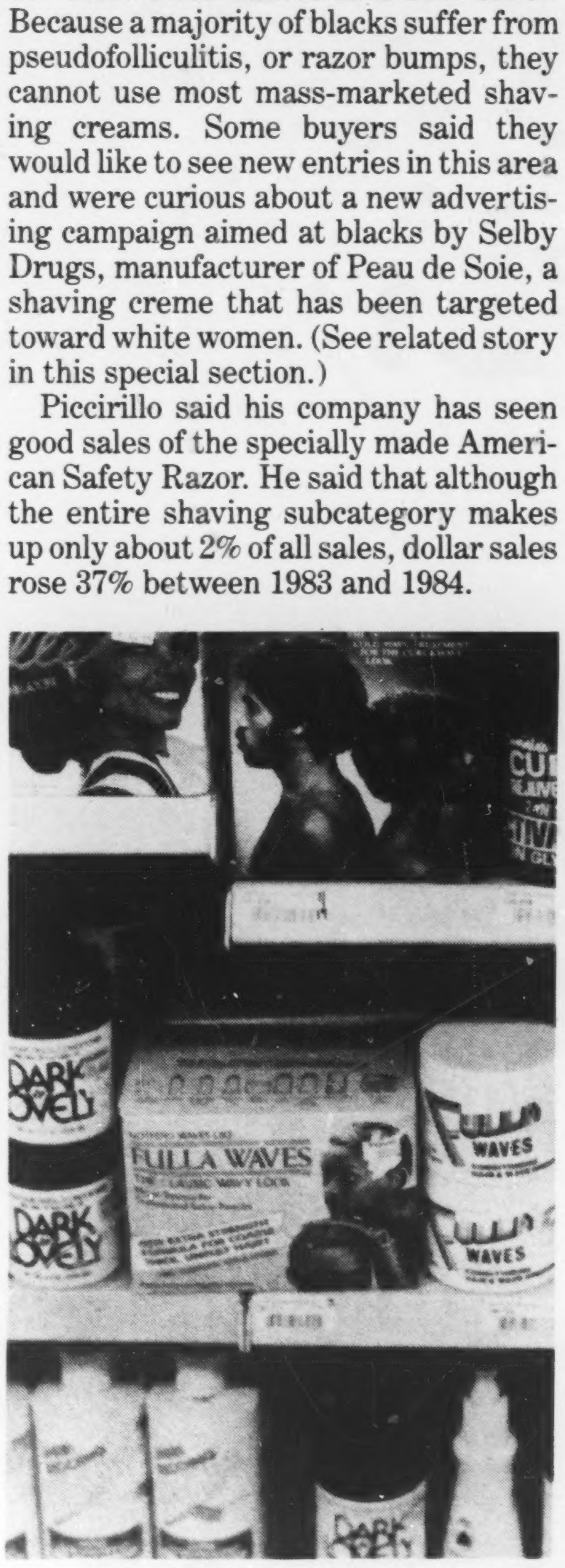
He said his company usually recommends that stores limit space for ethnic cosmetics to 1 to 2 ft. We seldom recommend 4 ft. You're just not going to get the turns."

Buyers agree that although blacks frequently use skin cream, most ethnic products are still not particularly strong movers. Soft Sheen's Cocoa Creme Butter, however, was frequently mentioned as a good seller.

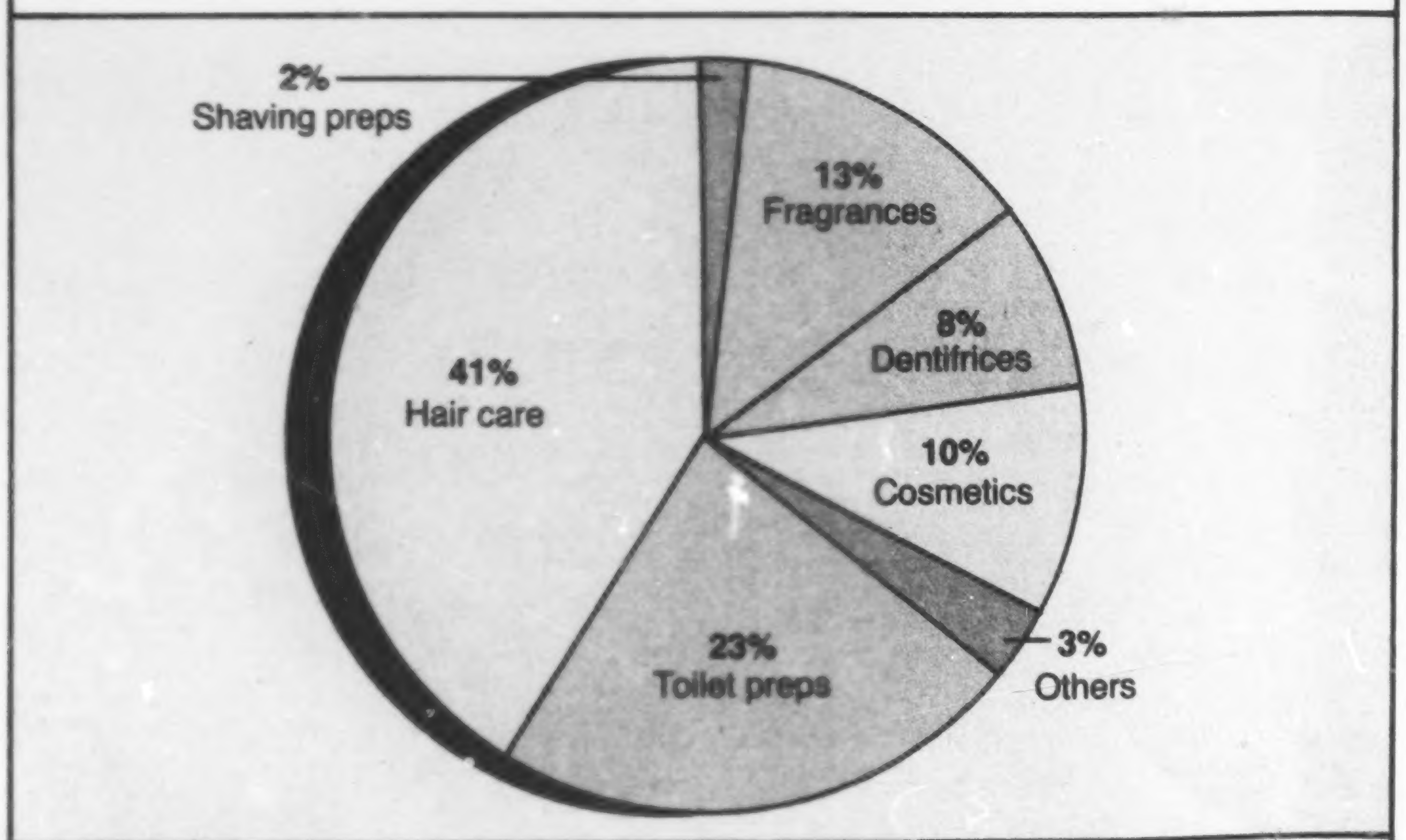
Skin care

There has also been little movement in shaving aids, though Magic Shave Powder most often named as a best seller. Because a majority of blacks suffer from pseudofolliculitis, or razor bumps, they cannot use most mass-marketed shaving creams. Some buyers said they would like to see new entries in this area and were curious about a new advertising campaign aimed at blacks by Selby Drugs, manufacturer of Peau de Soie, a shaving creme that has been targeted toward white women. (See related story in this special section.)

Piccirillo said his company has seen good sales of the specially made American Safety Razor. He said that although the entire shaving subcategory makes up only about 2% of all sales, dollar sales rose 37% between 1983 and 1984.



Ethnic H&BA product sales breakdown (1983 sales = $2 billion)



Source: Business Trends Analysis

Chains begin to target Hispanic market

With all the various nationalities that make up the so-called Hispanic culture, retailers have long worried that they would never be able to create an H&BA section with enough mass appeal to justify the investment in space.

But now a new study by Yankelovich, Skelly & White has exposed the flaw in that thinking. The study says that since 1981 there has been a distinct "blurring of differences" among U.S. Hispanics of varying national origins.

Yankelovich concluded that "the marketer should consider all Hispanics in aggregate as [one] consumer segment."

Special report: Ethnic products

Although chains have been reluctant to establish Hispanic sections, a few, including SupeRx, have put in 3- and 6-ft. H&BA sections in selected stores, and a number of chains, including Walgreens, Eckerd and Gray, carry Hispanic cosmetics.

Chains should also consider another Yankelovich finding that Hispanics want to preserve religious and national traditions, as well as their native language. This means there is probably a growing market for items in Spanish packaging imported from Mexico and other countries. These items may have been used by Hispanic consumers or their parents in their native countries.

At least two rackjobbers, Judith Lynn and Ben Sheftall, are offering Hispanic planograms and say these imported items are definitely doing well in areas with large Hispanic populations. These items include shampoos, tonics, soaps, aspirin, antacids and rubbing alcohol. Judith Lynn and Ben Sheftall both report that most of these items are imported from Mexico.

According to Diana Warren of Judith Lynn's one-year-old Tampico Division, stores with as little as 15% Hispanic traffic can support a separate department.

"The need is there," said Warren. "It's so much like the ethnic market was years ago."

Judith Lynn offers a 3-ft. planogram with 79 sku's and a 4-ft. planogram with 86 sku's. Larger planograms can be designed to meet the needs of individual stores, Warren said.

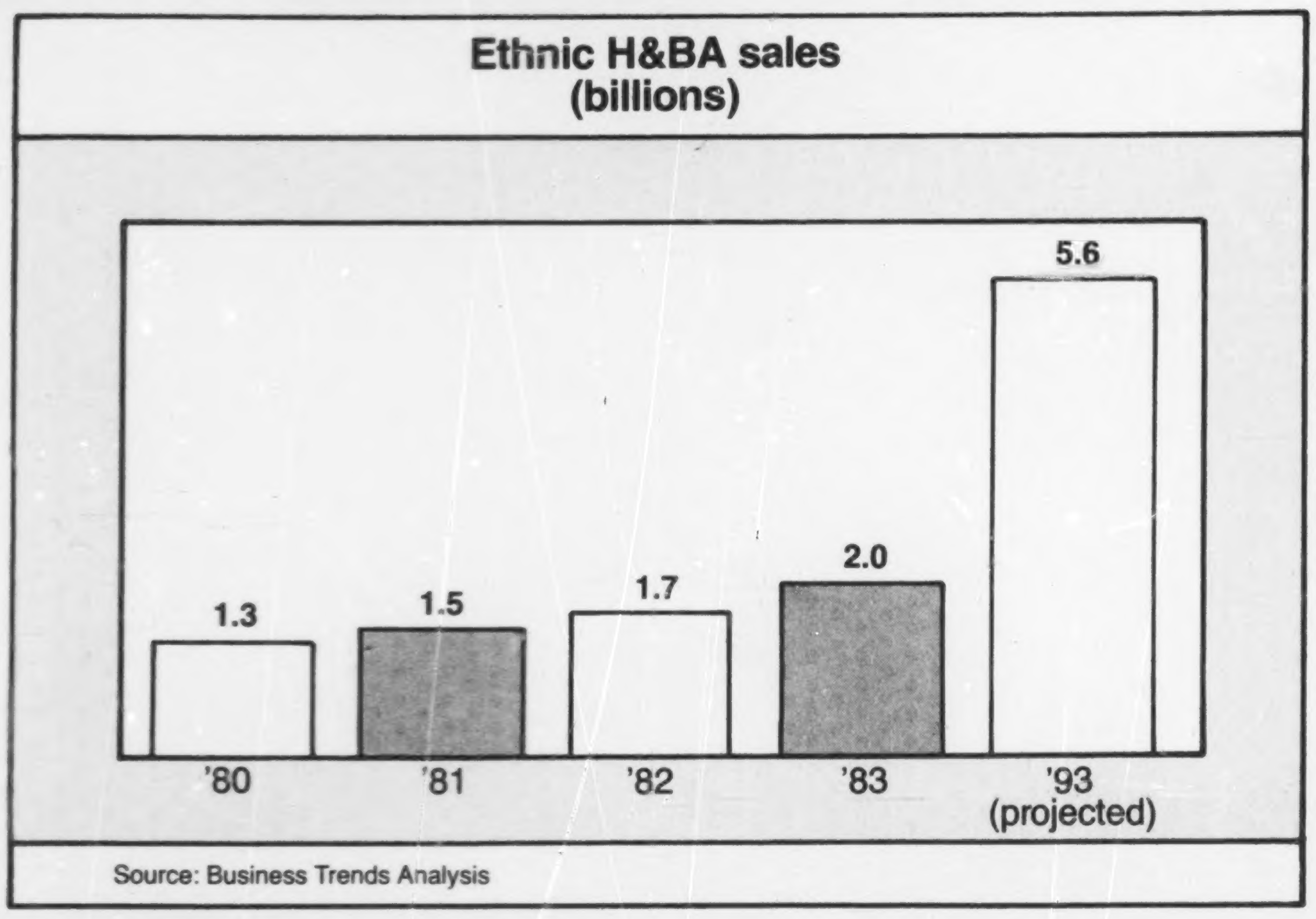
Richard Eichholz, president of Ben Sheftall, said his company offers 2-, 3-, 5-, 8- and 12-ft. planograms for Hispanic departments. Like Judith Lynn, Sheftall can create larger planograms to meet greater needs, and the planograms are flexible enough to accommodate specially requested items, such as religious candles and even Cuban coffee pots.

Like ethnic planograms, there is also a need to merchandise regionally manufactured products. For example, Miami area stores may want to carry the locally manufactured Mirthas hair and skin care products, said Eichholz.

Cosmetics have also become a popular category in Hispanic merchandising. In fact, the second mass-marketed Hispanic line with bilingual packaging debuts this month. It is called Lindeza and it is being distributed by Mas Industries Inc. of Santa Monica, Calif., along with a fragrance called Enamorada. The products will first be introduced in the Miami market and will be available nationwide as Mas receives shipments from the manufacturer in Barcelona, Spain.

Lindeza enters the market about one year after Belleza Internacionale Inc. of Lake Bluff, Ill., began distribution of its qué Guapa cosmetic line. Qué Guapa is now in about 3,000 outlets including many Eckerd stores, said Leslie Niesse, marketing manager.

Lindeza and qué Guapa items are similarly priced, averaging between $2.50 and $3.50 and are all blister-packed. Included in each line are eye shadow singles and duos, nail polish, lipstick and blush. Distributors say retailers can achieve about 40% margins with both brands.



Ethnic H&BA sales (billions)

Source: Business Trends Analysis

Unlike qué Guapa, the Lindeza line includes foundation and eye pencils. Mas is also offering the upscale Enamorada fragrance, which comes in a 3.4-oz. spray with a suggested retail price of $21.50 and a 1.7-oz. pour cologne with a suggested price of $15.

Rita Moreno is the spokesman for Lindeza and Enamorada, and she is appearing in a four-week Spanish television commercial campaign in the Miami market. She will also appear in mass-market television commercials as the products become more widely available.

Mas has received orders from Walgreens, Gray and SupeRx for their Miami-area stores, said Stewart Brown, Mas vp.

The same chains are also offering qué Guapa in selected stores, said Niesse.

Currently the company is advertising on radio stations and in the Spanish editions of such magazines as *Harper's Bazaar* and *Cosmopolitan*.

Belleza has also been working with retailers to promote qué Guapa, Niesse said. In addition to co-op dollars, Belleza has provided in-store demonstrations at such chains as Walgreens.

"Walgreens has been one of our biggest promoters," Niesse said, complimenting the chain for its work with cosmeticians and neighborhood flyers.

Another new entry into Hispanic merchandise are novelty bath products featuring Menudo, the popular five-member Hispanic pop group. The bath accessories—soap, bubble bath and sponges—are packaged to resemble audio equipment. They are available from Berdell Cosmetics, a subsidiary of CCA Industries.

Study finds increase in Hispanic income

The percentage of Hispanic families earning $20,000 or more increased from 28% to 36% between 1981 and 1984, according to a study released by Yankelovich, Skelly & White Inc.

This study also found that the average Hispanic income has grown from $15,900 to $17,800, while those earning less than $10,000 has decreased from 38% to 32%.

Although Hispanics appear to have more money to spend—good news for retailers—the study also suggested that Hispanics are becoming generally less responsive to new products and new stores.

Since 1981 there has been a drop in the percentage of Hispanics who are looking for new foods, liquor and beer, laundry products, magazines and department and grocery stores.

Yankelovich deduced that "apparently, along with other Americans, Hispanics are now more focused on coping with and winning in the more limited economic climate."

Like the 1981 study, Yankelovich found that a majority of Hispanics said they were paying more attention to how long a product lasts in relation to its price. And while they are not looking for new products, they will stay loyal to brand names they have previously used. In fact, 82% in both 1981 and in 1984 agreed with the statement, "Once I find a brand I like, I stick with it."

Of the Hispanics surveyed, 38% said the "biggest, most popular brands are best," compared with 22% of the general United States public. The study showed that 40% of the Hispanics agreed that private-label products are as good as the nationally advertised brands, compared with 61% of the total United States population.

Another area of interest to retailers is that while Hispanics continue to hold more traditional views about sex roles, there are early signs of progress for women.

For example, in 1981 48% of those surveyed said a married women with children should be able to have a career. That percentage increased slightly to 50% in 1984.

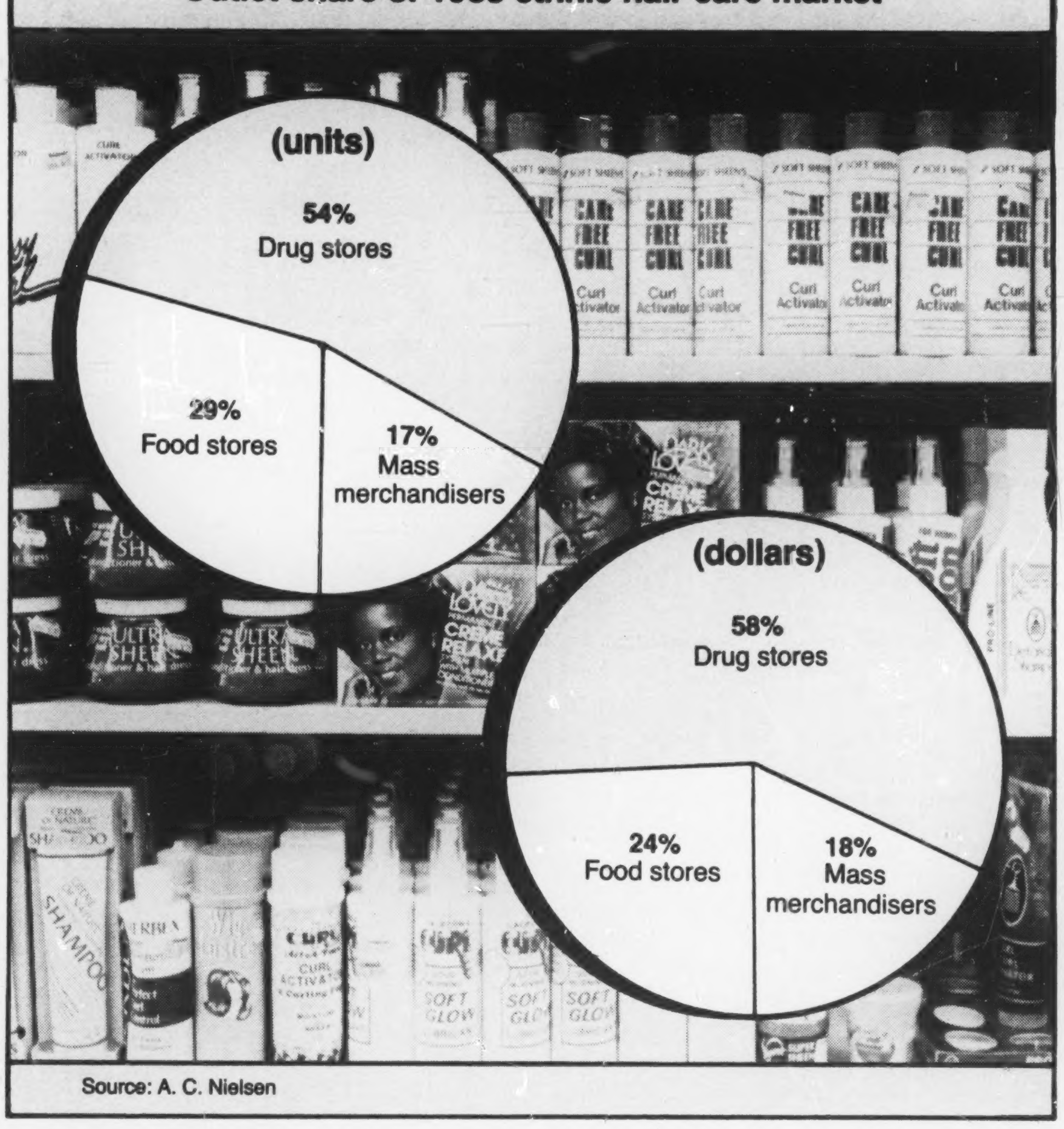
In 1981, 23% of those surveyed said that unless extra money is needed, a woman with children should not have an outside job. That figure dropped to 21% in 1984.

There was a greater drop in the number who said the man of the house should decide on buying expensive items like a television, car or house. That percentage dropped to 46% in 1984, from 55%.

The study was commissioned by SIN Television and is an update of a 1981 survey of 775 respondents.

MERCHANDISER

Outlet share of 1983 ethnic hair care market



Source: A. C. Nielsen

Indies attracted

Three giant wholesalers lead charge to ethnics

Special report: Ethnic products

Wholesalers are jumping into the ethnic section planogramming business, with at least three of the giants leading the way.

McKesson, for example, this month launched a national program. FoxMeyer began a limited program in July, and Bergen Brunswig will be starting one shortly.

The planogramming service is particularly attractive to independents who either can't afford a rackjobber or who want to control the section themselves. By using a wholesaler's planogram, a store can order most of its stock—ethnic along with OTC and other H&BA—from one source. This eliminates the problems of large minimum orders and dealing with many suppliers.

Dealing with wholesalers may also mean a savings because the larger the overall order, the better the price. The wholesaler service is also relatively inexpensive. McKesson, for example, charges $25 a month.

McKesson is now offering four different planograms—4 ft., 8 ft., 12 ft. and 16 ft.—and these are available nationwide.

FoxMeyer has three different planograms—4 ft., 8 ft. and 12 ft.—but they are only available in certain regions. The wholesaler introduced the planograms in July in the Memphis and Little Rock markets. In October, the program was expanded to St. Louis and this month, Cincinnati was added.

Bergen Brunswig is just about ready to unveil its 12- and 16-ft. planograms, the latter containing 340 sku's of H&BA and cosmetics.

"The market is there and we recognize it as a growing business and that many customers would like us to be the source for it," said Thomas Allison, vp of merchandising for Bergen.

Exec gives planogram her personal touch

'I feel very close to this market,' Palmer said. 'I don't know if it's because I'm black or because I knew there was so much potential.'

After two years of research, Rhea Palmer, national merchandise manager of H&BA for McKesson, is finally seeing her pet project—ethnic planogramming—become a reality.

Not only is it a personal triumph for Palmer, it is also a breakthrough for McKesson, as the industry giant becomes the first major full-line wholesaler to field a national ethnic planogram program.

Last month McKesson unveiled four different ethnic planograms ranging from 4 ft. to 16 ft., the latter containing a maximum of 350 sku's, including cosmetics. The wholesaler has also added some 200 new black hair care items to its inventory.

A buyer for 18 years—most of that time with the Value Giant chain that was purchased by Pay Less—Palmer came to McKesson three years ago with the hope that the wholesaler would let her develop an ethnic planogram.

"I feel very close to this market. I don't know if it's because I'm black or because I knew there was so much potential," she said.

Palmer said she knew there were many independents who weren't doing the business in ethnic because they were trying to arrange facings without knowledgeable help. Or maybe, she said, they couldn't afford rack jobbers, and so they weren't even selling the products.

As a consumer, Palmer was irritated because the products she needed were not available at neighborhood stores. And like other consumers, she stopped shopping the stores that didn't carry what she needed.

Palmer was optimistic McKesson would consider her observations and let her pursue her proposal. "McKesson is constantly exploring avenues of new business," she said.

And she was right. McKesson gave Palmer the go-ahead and soon she was engulfed in stacks of marketing and sales reports and taking part in rounds of meetings with manufacturers—in addition to her other H&BA duties. This year, all that information began to take shape. Now, two years of Palmer's work is condensed on smart, glossy gray paper photographs of five shelves containing rainbows of multicolored boxes, sprays and cremes.

Palmer is confident that the new planogramming service will be a success. She said her office can keep on top of the fast-changing category with McKesson's sophisticated computers that keep track of sales information. When McKesson feels changes should be made in the planogram, Palmer will send out bulletins to its distribution centers.

Another plus is that McKesson can help stores avoid out-of-stock problems by providing same- or next-day deliveries to most locations. With the new service, McKesson ships out ethnic products separately from other H&BA to make it easier for stores to stock shelves.

The ethnic planograms are part of McKesson's Econoplan, to which stores can subscribe for $25 a month. The plan includes two new planograms a month from McKesson's 32 departments.

McKesson also offers rack jobbing through its COSMcK program, which includes shelf maintenance and pricing.

As for Palmer's next project, it will most likely be the Hispanic market.

"The Hispanic market is growing, and I do plan to research that market. It's a strong possibility we will come up with a program for Hispanics, but I don't know the breadth," Palmer said.

MERCHANDISER

SupeRx stocks, planograms own depts.

SupeRx took the plunge this year into warehousing and planogramming its own ethnic departments—a move that helped win the chain recognition from the American Health and Beauty Aids Institute for its aggressive merchandising efforts.

SupeRx now has ethnic departments in over 400 of its 570 stores, and according to David Wesloh, merchandise manager, the chain would like such departments in all stores by 1985.

SupeRx changed its approach about a year ago when it went from complete dependence on rackjobbers to join with Kroger in warehousing many items and creating in-house planograms. Now the Cincinnati-based chain uses rackjobbers to supplement departments 12 ft. and over.

Special report: Ethnic products

Planograms now range from 3 ft. to 48 ft. A typical 12-ft. planogram contains 300 sku's.

"One of our biggest challenges in the planograms is to allot space to local products," Wesloh said. "We try to keep 2 to 3 ft. for locally manufactured products and that makes it difficult for a national planogram."

Even in the smallest departments, about 18 in. are saved for regional products.

Wesloh, who developed the planograms with Bonnie Madill, buyer, and input from members of the AHBAI, said, "It's been an experience for Bonnie and I. We haven't perfected the allocations and we recognize there needs to be more work."

One of the areas that AHBAI and SupeRx are continuing to explore is ethnic cosmetics.

"Cosmetics are confusing and less stable than hair care," Wesloh said. I don't think anyone has a good handle on it. So we asked the AHBAI to help us with a planogram."

Wesloh said SupeRx hopes to have the cosmetics planograms in 20 stores by early next year. He said other stores will also continue to carry a smattering of ethnic cosmetics.

According to Anthony Fanticola, director of merchandising, the planogram will emphasize shades of colors. He said the chain is considering eliminating some of its slower-moving lines of mass marketed cosmetics to make room for a more extensive selection of ethnic cosmetic colors.

Fanticola said SupeRx continues to work with the AHBAI in determining whether the chain should allocate more space in individual stores for ethnic sections, and in some cases, whether the space should be reduced.

In another development this year, Wesloh said SupeRx recently started promoting ethnic products on a chainwide basis.

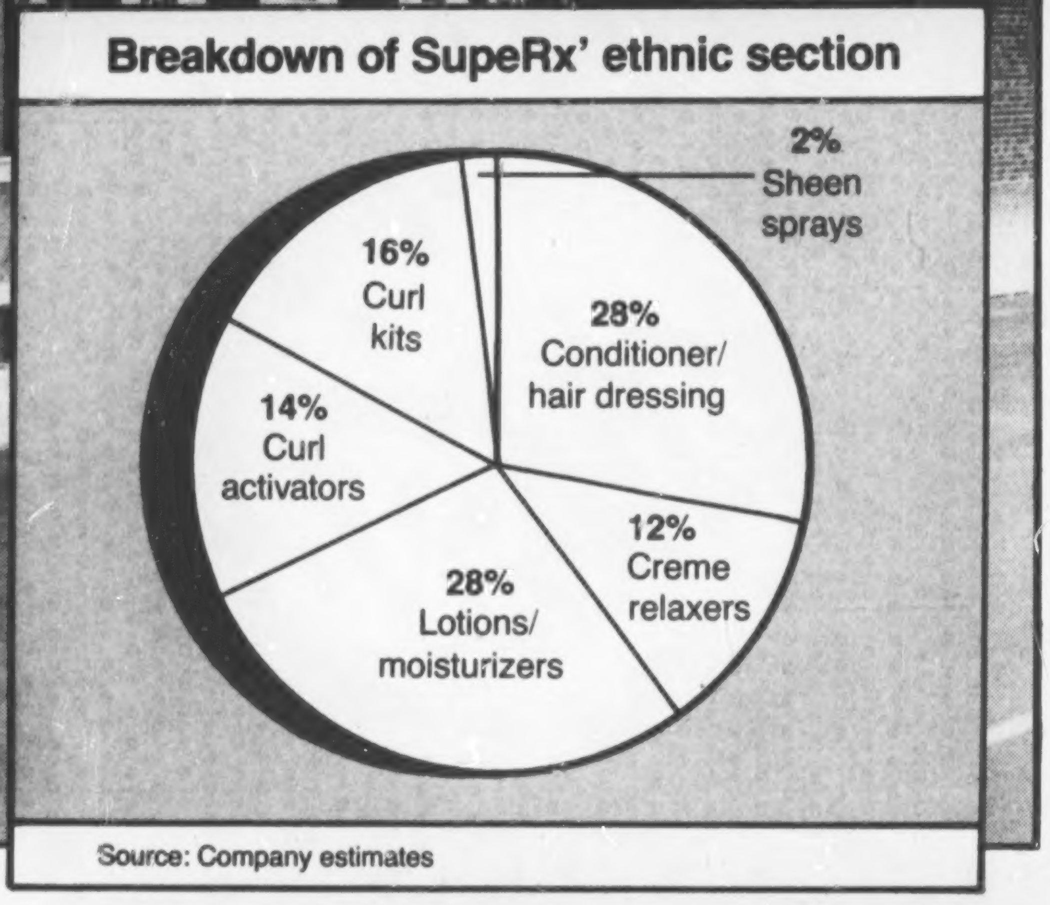
SupeRx is also promoting ethnic products through in-store displays and endcaps.

Wesloh said he and Madill have begun to attend ethnic trade shows to increase their understanding of the category.

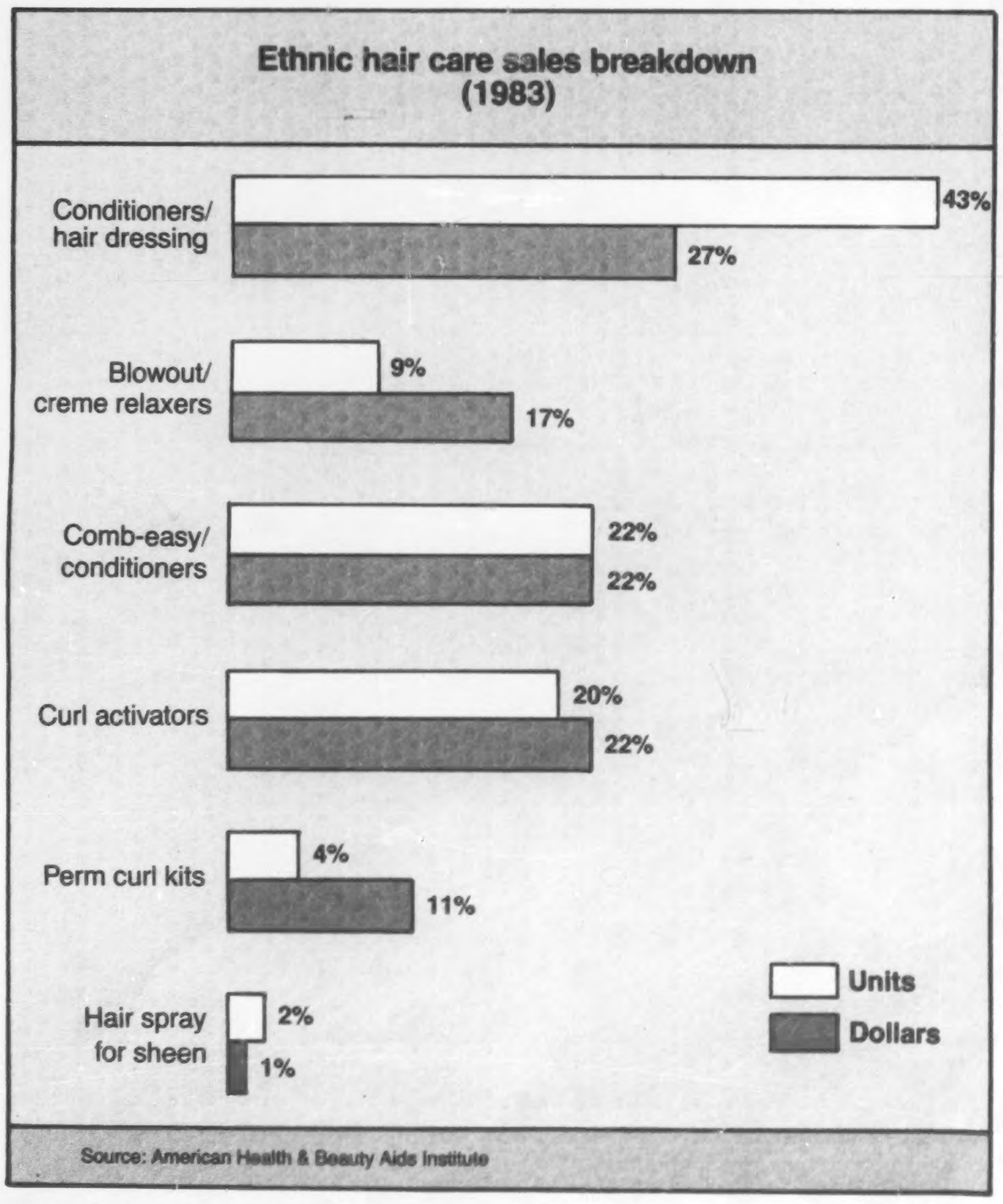
The successful experience with separate ethnic departments has encouraged the chain to create separate Hispanic sections in a few of its Florida stores. These departments are small, 3 ft. and 6 ft., with 100 and 160 items, respectively. These few stores are also carrying Hispanic cosmetics.

"I think these departments really have a lot of potential in certain locations," Wesloh said.

SUPER
DRUG
Grand Opening


Breakdown of SupeRx' ethnic section

Source: Company estimates


Ethnic hair care sales breakdown (1983)

Source: American Health & Beauty Aids Institute

NATALIE COLE
Care Free C
Diana Ross
Sportin' Waves
LOOK GOOD AND WIN A T SHIRT

Ad watch

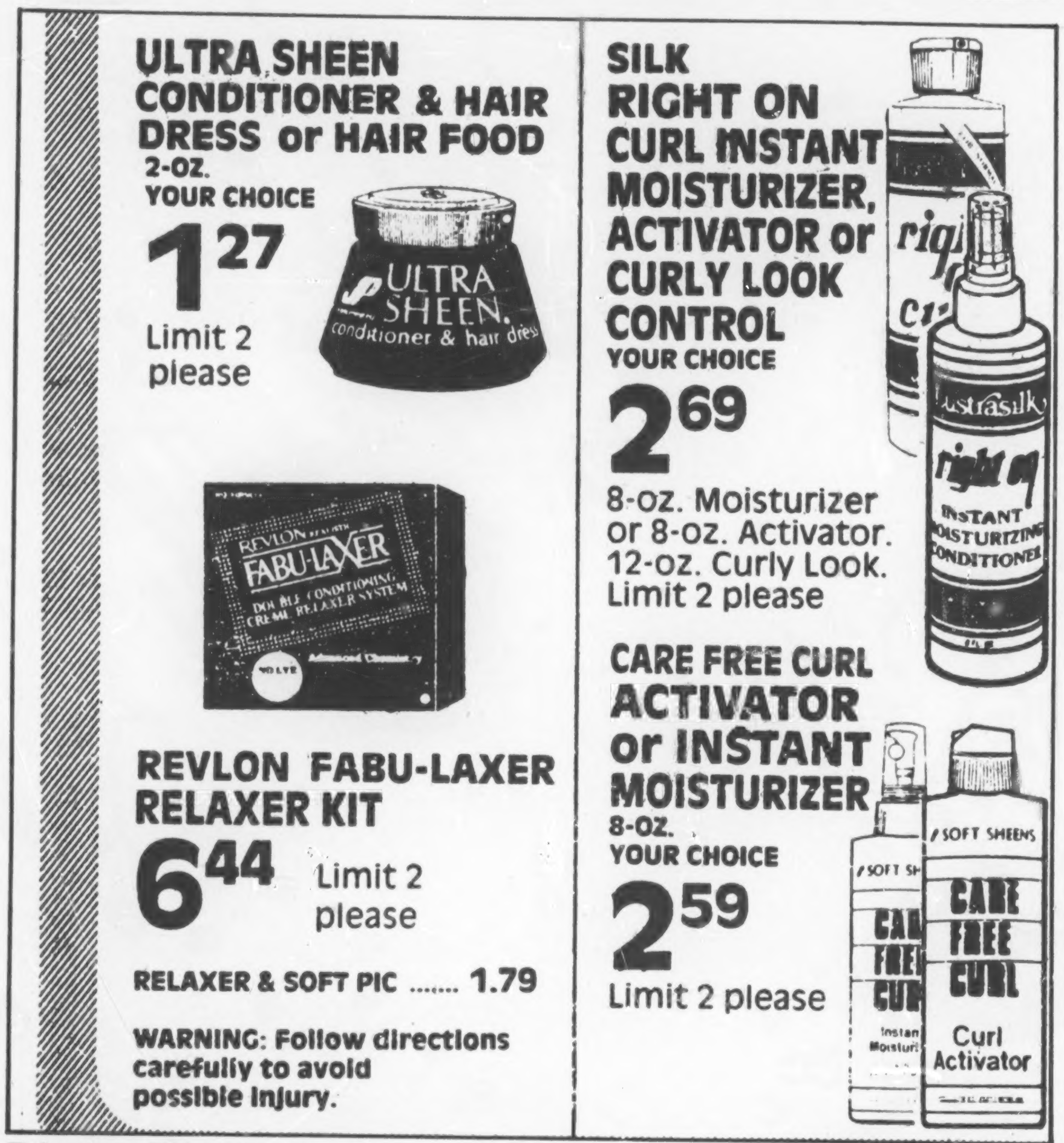
Chains step up ethnic beauty aid promotions

Drug chains have recognized the potential of the ethnic market and are featuring more ethnic beauty aids in their direct-mail and newspaper advertisements.

A recent survey of newspaper advertisements from retail drug chains throughout the country revealed that a number of chains were promoting ethnic products, particularly hair-care items. Among the chains that were most aggressive were Peoples, Thrift Drugs, K&B and Eckerd Drug.

Special report:
Ethnic products

K&B was promoting its private label Afro sheen hair spray and curl activator, while Thrift concentrated its efforts on such popular sellers as Revlon Creme Relaxer Kit and Soft Sheen's Care Free Curl.



ULTRA SHEEN CONDITIONER & HAIR DRESS or HAIR FOOD
2-OZ.
YOUR CHOICE
1.27
Limit 2 please

REVLON FABU-LAXER RELAXER KIT
6.44 Limit 2 please

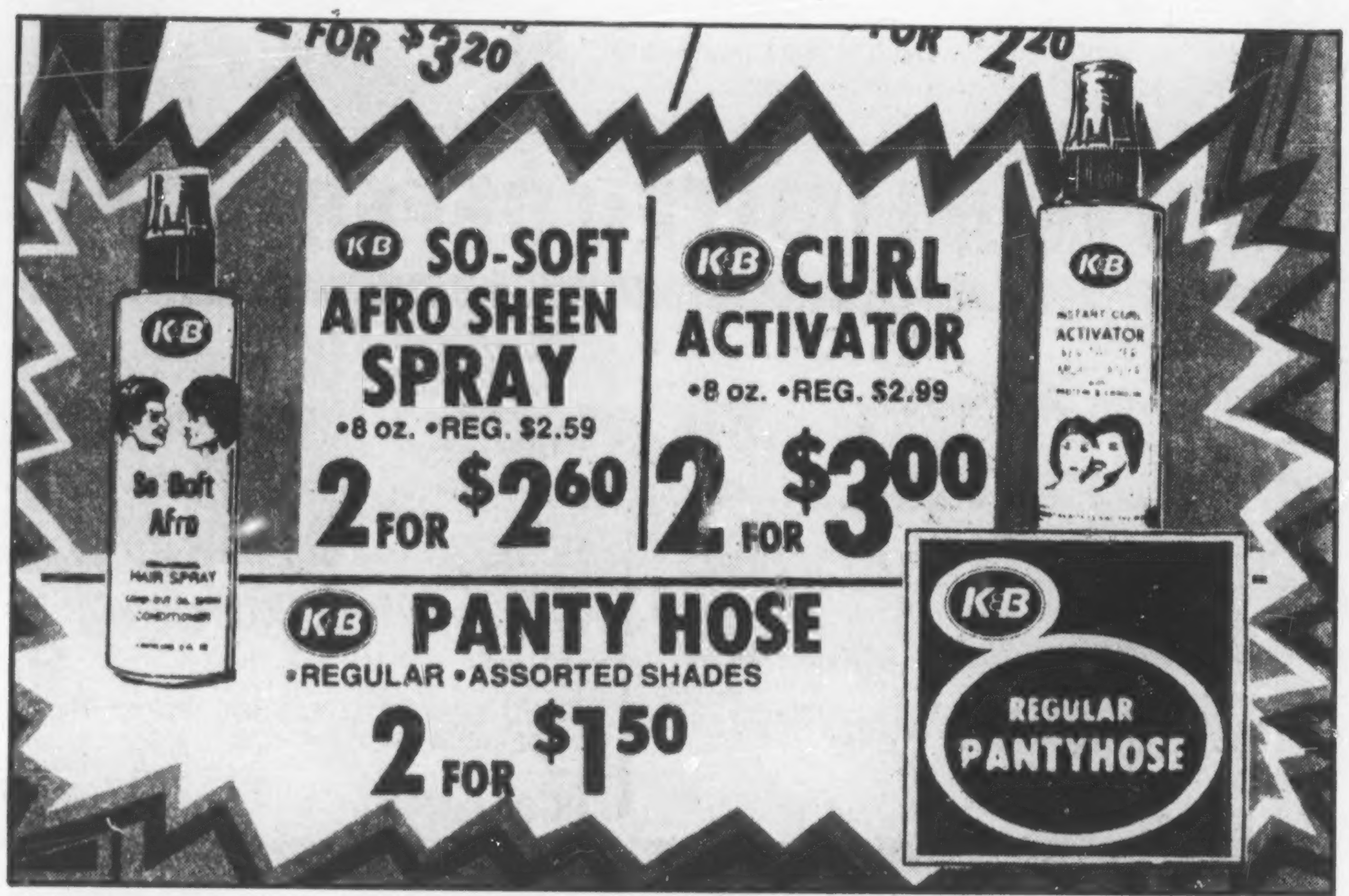
RELAXER & SOFT PIC 1.79

WARNING: Follow directions carefully to avoid possible injury.

SILK RIGHT ON CURL INSTANT MOISTURIZER, ACTIVATOR or CURLY LOOK CONTROL
YOUR CHOICE
2.69
8-oz. Moisturizer or 8-oz. Activator. 12-oz. Curly Look. Limit 2 please

CARE FREE CURL ACTIVATOR or INSTANT MOISTURIZER
8-OZ.
YOUR CHOICE
2.59
Limit 2 please

Eckerd ran Ultra Sheen Conditioner & Hair Dress for $1.27 and Soft Sheen's Care Free Curl at $2.59.

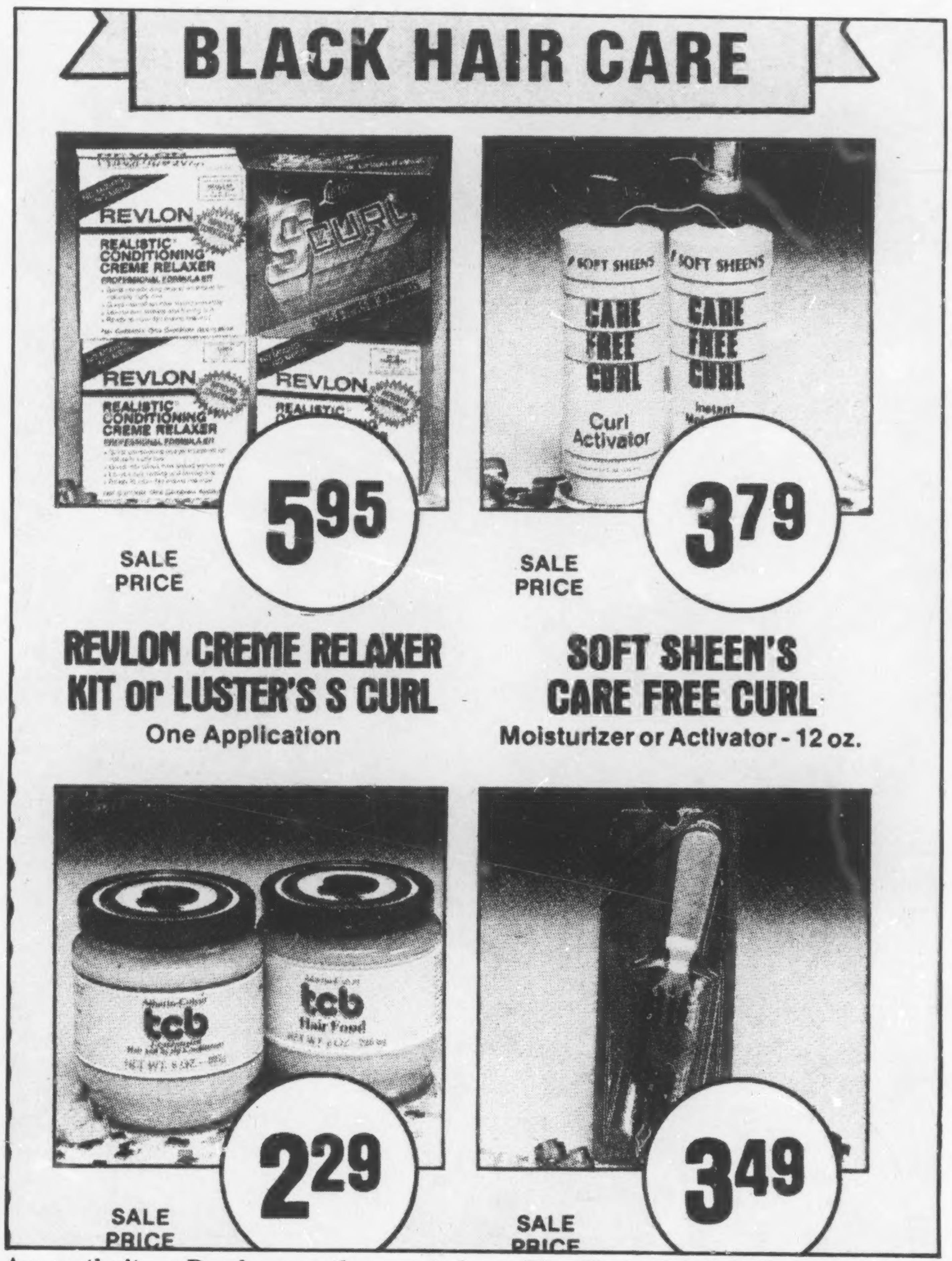


K&B SO-SOFT AFRO SHEEN SPRAY
•8 oz. •REG. $2.59
2 FOR $2.60

K&B CURL ACTIVATOR
•8 oz. •REG. $2.99
2 FOR $3.00

K&B PANTY HOSE
•REGULAR •ASSORTED SHADES
2 FOR $1.50

K&B aggressively promoted its house brand Afro Sheen Spray at two for $2.60 and Curl Activator at two for $3.



BLACK HAIR CARE

SALE PRICE 5.95
REVLON CREME RELAXER KIT or LUSTER'S S CURL
One Application

SALE PRICE 3.79
SOFT SHEEN'S CARE FREE CURL
Moisturizer or Activator - 12 oz.

SALE PRICE 2.29

SALE PRICE 3.49

Among the items Peoples recently promoted were Blue Magic Hair & Scalp Conditioner, 12-oz. jar for $1.49; Royal Crown Hair Dressing at 99¢; Artra Skin Tone Cream for $2.99, and Vigorol Pro-Tek Gel for $1.19.

Shave creme to expand aim to blacks

Selby Drug Co. of Elizabeth, N.J., may have been missing a bigger audience this year when it first marketed its shaving creme Peau de Soie for white women.

Michael Rosenberg, president of Selby, said one of his black sales reps told him some months ago that many blacks were using the product because it contains lecithin, which seems to prevent razor bumps. So Selby hired a company to survey consumers, and Rosenberg said they found there were many black users, men as well as women.

"Our original target was white women. So this wasn't intentional. Peau de Soie wasn't structured as an ethnic product," Rosenberg said.

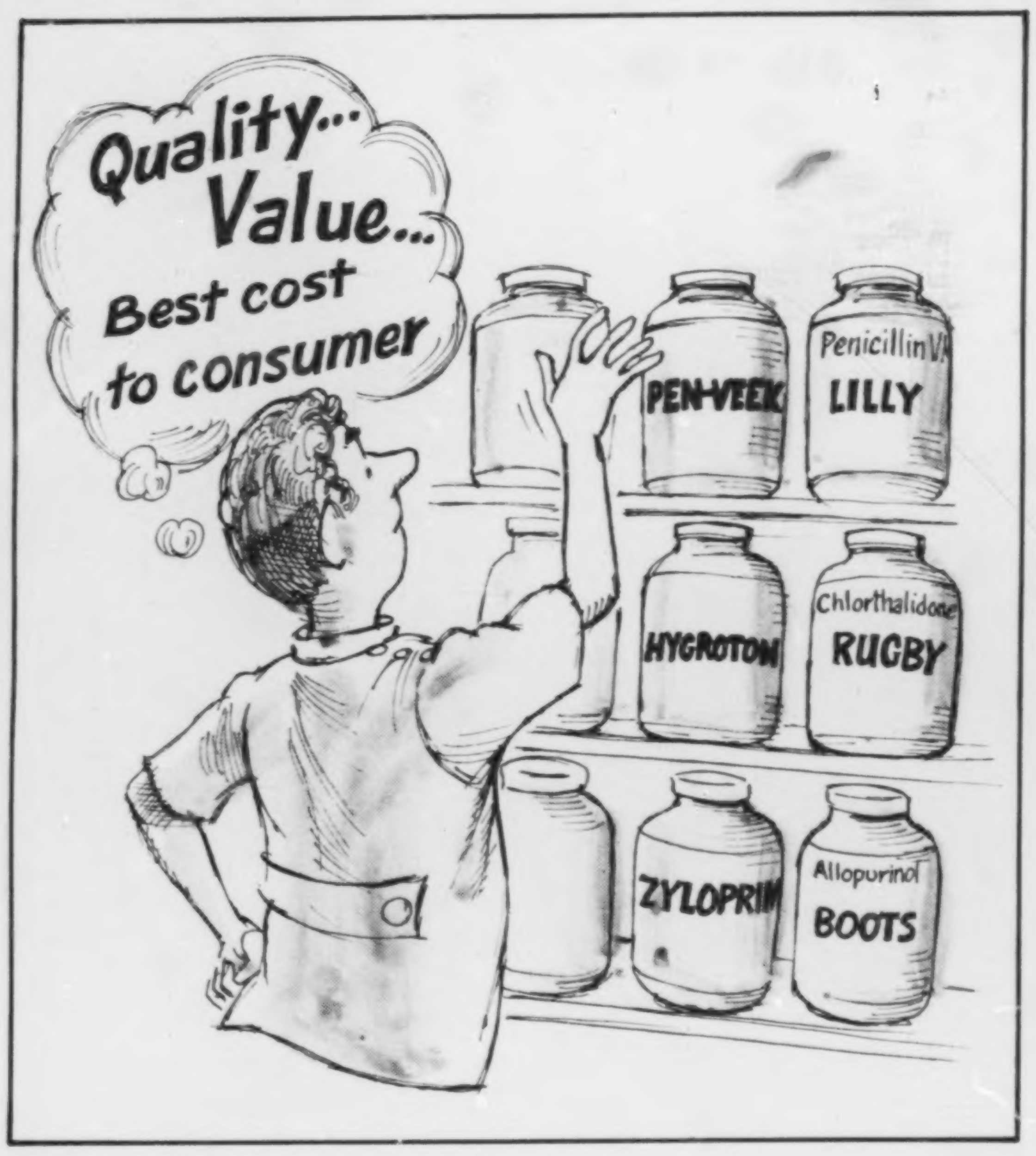
Now the company is expanding its approach and is scheduling ads aimed at men and women in *Ebony* and *Essence* and on black radio stations. It will also be using black models on billboards. Press releases telling retailers that Peau de Soie is popular among black men and women has also piqued some interest. However, none of the chains contacted was rushing to move the product from the depilatory section to ethnic.

A common question from retailers was, "Well, is he going to change the packaging?" Peau de Soie comes in silver, bronze and gold containers bearing the prominent silhouette of a ballet dancer.

Rosenberg said there are no immediate plans to remove the ballerina, but the company will be using decals with the picture of a black man shaving on cans sold in black communities.

New!
Peau de Soie
For Women
Peau de Soie
MOISTURIZING SHAVE CREME

Peau de Soie, originally marketed for use by white women will soon take on a new look to appeal to black men and women.

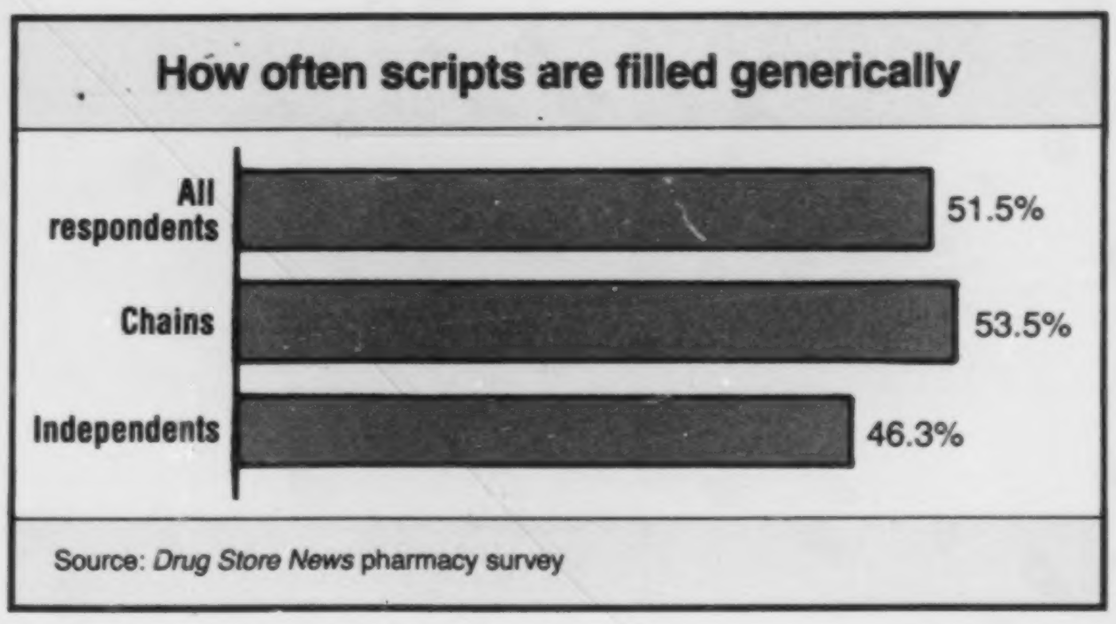


Pharmacists: Generic scripts are on the rise

Pharmacists say they have seen an increase in the number of generic scripts over the past two years. Moreover, they expect the upward trend to continue.

This is just one finding of *Drug Store News*' nationwide pharmacy survey conducted earlier this year by Lebhar-Friedman Research.

The survey, which covered 575 pharmacists across the country, found that scripts are being dispensed generically about half the time (51.5%), with chain pharmacists (53.5%) a little more likely than independents (46.3%) to fill a generic script.


How often scripts are filled generically

Source: *Drug Store News* pharmacy survey

The vast majority of the pharmacists (85%) also said the cost of carrying extra generic inventory was outweighed by the lower prices and better margins achieved with generics.

The respondents also said overall consumer reaction to generics had been positive (74%). Almost all of the rest said reaction was neutral; almost no one said negative.

Not only is most consumer reaction positive, the survey found, but consumers are also asking a lot more questions these days about generic drugs. Ninety-two per cent of the pharmacists agreed that consumers are more inquisitive about generics and substitution.

In addition, most of the pharmacists said they didn't find it difficult finding acceptable generics, even in the face of price constraints imposed by state substitution formularies.

Nearly two-thirds of the respondents said they found it "not at all/not too difficult" finding generics which fit formulary constraints. Less than 3 in 10 found any difficulty at all.

Of the factors that pharmacists weigh in choosing to substitute for a branded drug, four were rated "extremely/very important" by more than 3 out of 4 of the respondents. They were "equal quality" (90%), "therapeutically equivalent" (89%), price (82%) and patient request (75%).

Less important were "improve profits" (56%) and "company policy" (38%). "Rebate or other incentives" was judged important by only 6% of the pharmacists who regularly dispense generics.

On three of those factors, there were significant differences between chain and independents pharmacists. Almost 4 of 5 chain pharmacists viewed a patient's request as an extremely or very important reason for substitution, compared to 2 out of 3 independent pharmacists.

In addition, profit enhancement was viewed as important by more chain pharmacists (60%) than independents (49%). Finally, almost twice as many chain pharmacists (45%) than independents (24%) saw company policy as a key factor.

There were also other differences between chain pharmacists, who comprised about two-thirds of the respondents, and their independent counterparts.

Ninety per cent of the chain pharmacists, for example, foresaw an increase in the number of generic scripts over the next two years, compared to 85% of the independents. What's more, 94% of the chain practitioners said they had seen an increase in the past two years vs. 88% of the independents.

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CHANDISER
goods sell well as
aining rises—p. 31

PHARMACY
NFL punter gets his kicks
behind the counter—p. 21

RUG ST℞RE NEWS®
Serving the Retail Drug Store Industry for 55 years Published by Lebhar-Friedman Inc. November 26, 1984

Peoples set to buy 134-unit Rea and Derick

ALEXANDRIA, Va. — Peoples Drug Stores has signed a definitive agreement to acquire the 134-unit, $200 million Rea and Derick drug chain from American Stores.

The agreement, which is expected to be finalized shortly, will expand Peoples' annual sales to nearly $1.2 billion and put the now 750-unit chain in a position to challenge Thrifty Drug of Los Angeles for the rank of the industry's ninth highest volume drug store retailer.

It will also give Peoples market dominance in central and southern Pennsylvania where the Rea and Derick stores are generally conceded to be No. 1 in market share.

Peoples, which is either No. 1 or No. 2 in about 70% of its 100 markets, is relatively new to the Pennsylvania market, but the chain has a strong presence in the Maryland markets that are contiguous to the Rea and Derick markets.

"There's just a slight overlap in southern Pennsylvania between our stores and theirs," says Joe Pollard, Peoples' vp of advertising.

"We may have one or two stores in markets where they now have 10 to 15 stores. However, in those markets where we are contiguous to them like Hagerstown or Fredericksburg or Cumberland, Md., we're No. 1, while in their markets, they're generally No. 1."

Pollard says that Peoples may not choose to relinquish the Rea and Derick name, first because the chain is such a dominant presence in its markets and, second, because market research shows that the stores have a good reputation with consumers.

Instead Peoples may elect to do common advertising using the names of both chains in its television ads and newspaper circulars.

"Advertising efficiencies would be one reason to change the name," says Pollard, "But advertising efficiencies are not dependent on name changes. We can always run commercials saying these values are obtainable at all Peoples and Rea and Derick stores.

"They've got a great name in Pennsylvania and a valuable franchise, so we won't act precipitously to change anything."

Peoples was not commenting yet on possible management changes, but Pollard did say that the chain "always tries to hold what is good" and Rea and Derick is a "good running operation."

In operation, size and lines of merchandise, the Rea and Derick stores are similar to Peoples'. The Rea and Derick stores, like Peoples', acquire most of their merchandise through their own distribution center.

Market research also shows that Rea and Derick has a strong constituency among consumers who rate them high as preferred outlets in which to ac-

Continued on page 37

KEY DRUG
OPENING

The new Sequim, Wash., store contains 11,200 sq. ft. of selling space.

Small town prototype

Pay Less opens smaller Key store

By Lou Karney

SEQUIM, Wash. — Pay Less unveiled its new downsized prototype called Key Drug this month, the first of some 100 similar stores planned for the next three to four years.

The 10,000- to 15,000-sq.-ft. stores are aimed at smaller but growing communities not yet able to support a conventional 30,000-sq.-ft. Pay Less superstore. Pay Less expects the new prototype stores to average $1.5 million to $2 million a year, compared with its superstore average of almost $6 million.

According to Gary Augustin, general manager of the Key Drug division, Pay Less will open 15 to 20 Key Drug stores next year and is currently looking at sites in 23 towns in Washington, Oregon, California and Idaho.

Augustin says that Key stores will carry about half the number of sku's of a typical Pay Less—12,000 to 15,000 for Key vs. 25,000 to 30,000 for Pay Less—with Key zeroing in on 60% of the fastest movers.

While Pay Less and Key both have the same basic pricing structure on staples, Key is not as ad-driven as its superstore siblings. Pay Less, for example, runs 6- to 8-page color newspaper inserts weekly, while Key will run a single weekly page, plus 4- to 6-page tabloid circulars 10 times a year for holiday promos. In addition, Key will promote fewer loss-leader consumables such as food, paper, beverages and soaps/detergents.

With a lighter promotional punch and lower labor costs resulting from shorter hours, Key expects to be able to operate on an average gross margin of around 30%, and three to four percentage points higher than Pay Less stores.

Key's merchandise mix will be geared to area competition and market needs. At the 17,000-sq.-ft. Sequim store, for example, management has

Continued on page 37

Rxers blow the whistle on bogus Ovulen pills

ROCKVILLE, Md.— Pharmaceutical buyers at Eckerd Drug along with sharp-eyed independent pharmacists in Kansas, Illinois and Wisconsin were credited by the Food and Drug Administration with spotting counterfeit versions of Searle Pharmaceuticals' Ovulen-21 oral contraceptives.

The discovery of the bogus OCs prompted a nationwide voluntary withdrawal of two batches of the drug by Searle earlier this month as well as an intensive hunt by F.D.A. officials to track down the source of the counterfeit drugs.

At presstime F.D.A. said the counterfeit Ovulen tablets had been traced to two New York state distributors: Interstate Cigar Company of Westbury, N.Y., and Interstate Drug Exchange Inc. of Plainview, N.Y. Both of those firms launched their own recalls of approximately 1.2 million OC tablets (apparently all of which are phony, according to F.D.A.).

Officials at both of those (unrelated) Long Island wholesale drug companies told *Drug Store News* that they had purchased their supplies of the questionable Ovulen from a third distributor—Florida-based Lantor Corp.

Although F.D.A. investigators have contacted all three of those wholesalers, at presstime they had not yet traced the counterfeits back to the original source.

Significantly, Federal drug investigators told *Drug Store News* that while there is no evi-

Continued on page 37

Gray tightens belt to cut profit slide

CLEVELAND — In an effort to stop sliding profits, Gray Drug Fair has begun a campaign to cut corporate costs and stimulate sales by reducing its margins. The company is also looking to acquire a drug chain during the coming year.

These were among the strategies described by officials from Sherwin-Williams, Gray Drug Fair's parent company, during last month's closed meeting with financial analysts in New York.

According to analysts who attended the meeting, Mac Allen Culver, the drug chain's new president, said the company was undertaking vigorous remedies following a $1.1 million operating loss for the drug chain during the third quarter ended Sept. 30.

The loss took the edge off the strong turnaround forecast for the chain after the first half, when operating profits reached $8 million. In addition, sales, which had increased at an 11% rate for the first half, slowed to a 3% growth for the third quarter.

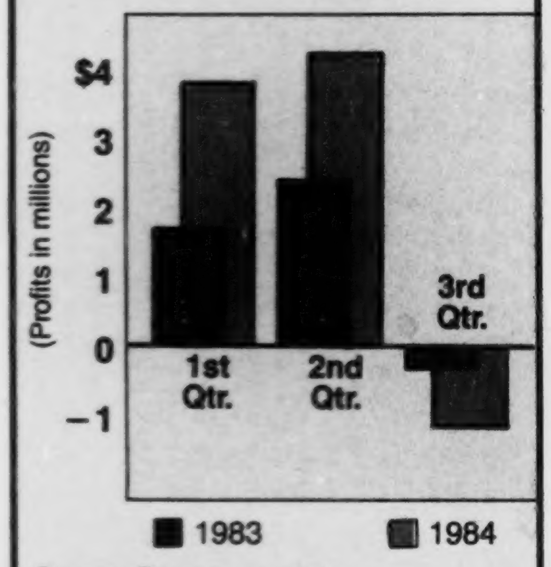
Although company officials would not comment, several knowledgeable sources said that the drug chain had laid off some 70 headquarters personnel, for a saving of about $2 million.

Analysts were guarded in their predictions as to whether steps taken by Gray will make a big difference in the chain's performance. While they expect some improvement, the consensus was that it will take some time before Gray reaches the industry standard of 6% on the operating profit line.

One analyst said it was still too early to judge the performance of Culver, who came to Gray Drug Fair in July from Pay Less NW. He also pointed out that Gray had been hard hit by the growing number of deep-discount stores, particularly in the Cleveland area.

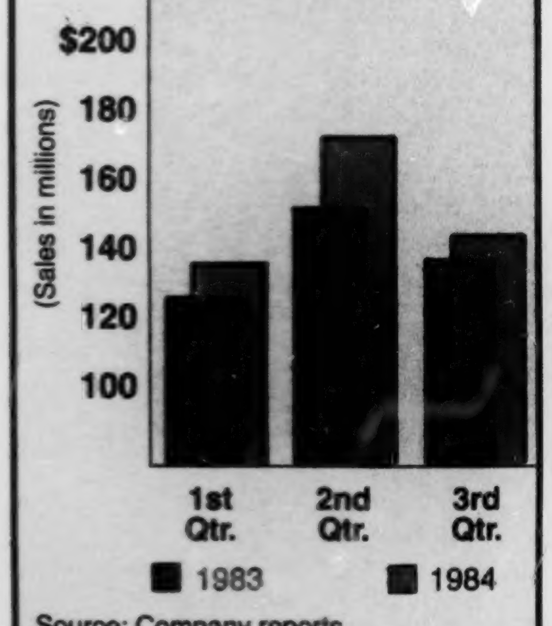
Continued on page 37

Gray Drug Fair operating profits: 1983 vs. 1984



Source: Company reports

Gray Drug Fair sales: 1983 vs. 1984



Source: Company reports

Vendors reach settlement with Northwestern

SEATTLE — Four of the five pharmaceutical manufacturers sued by Northwestern Drug and its Velocity Hospital Group subsidiary—Pfizer, Ayerst, Sandoz and Lilly—have settled out of court. The fifth manufacturer, Smith Kline & French, has filed a counterclaim against Northwestern for "abuse of process."

In essence, SKF claimed there is no evidence to support Northwestern's suit and asked Northwestern to drop it. Northwestern refused to do so. Consequently, SKF—along with the National Wholesale Druggists' Association—remain as defendants in the trial, scheduled to begin Feb. 25 in the Federal District Court in western Washington.

Said an SKF spokesman: "Northwestern decided to continue the lawsuit despite recently completed pretrial discovery which disclosed improper motives and purposes on the part of Northwestern in maintaining the lawsuit. In other words, there was no evidence to support their suit."

The lawsuit was filed by Northwestern and Velocity after Lilly, SKF, Sandoz and Pfizer refused to ship to Northwestern because of the manufacturers' policy not to sell to retailer-owned wholesalers. Pay 'n Save purchased Northwestern in February 1984.

The fifth manufacturer in the suit, Ayerst, had said it would continue to ship pharmaceuticals to Northwestern, but at retail rates.

As for codefendant NWDA, the Northwestern suit charged the association with "conspiring with its trustees, officers and members, including the vendor defendant who is an NWDA associate member, to expel Northwestern from membership in NWDA due to Northwestern's affiliation with a retailer."

The terms of the settlement with the four manufacturers vary. Pfizer agreed to supply Northwestern with its products provided that the wholesaler sell them only to other drug retailers. They are not for resale to Pay 'n Save or Bi-Mart drug stores.

A spokesman for American Home's Ayerst division would not comment on the terms of the agreement.

An attorney for Sandoz told *Drug Store News* that the company decided to reinstate Northwestern before the suit was filed—on the same terms that existed before Northwestern was acquired by Pay 'n Save. "Therefore," he said, "the suit became redundant." Why the reinstatement? "For business reasons," the lawyer said.

Lilly settled by agreeing to supply Velocity Hospital Group with a half-dozen chargeback items (but none of some 300 other pharmaceuticals manufactured by Lilly) until June 30, 1985.

A Lilly spokesman told *Drug Store News:* "We view this as a favorable settlement. It avoided the expense of a trial and the cost of a settlement. After June 1985, however, we will discontinue selling pharmaceuticals to Northwestern."

Asked to comment on the circumstances which brought about the reduction of defendants from six to two, a Northwestern exec said that the "agreements with Ayerst and Sandoz will enable Northwestern to function as always, and the agreements with Pfizer and Lilly reflect mutually beneficial positions and reconciliation of views, opinions and policies."

An exec for a major drug wholesaler said: "These agreements were made possible because Sandoz, Ayerst and Pfizer made concessions because they fear the inroads of generics. Washington and Oregon law allows pharmacists to substitute if the drugs are bioequivalent. So if these manufacturers choose not to sell to Northwestern, then Northwestern could switch to generics and the manufacturers would lose the business."

—News in brief—

Drug Castle to open 2nd deep-discount

SPRINGFIELD, Ohio — Drug Castle's second franchised deep-discount store will open in Humber Heights, between Dayton and Springfield, on Dec. 20.

The 30,000-sq.-ft. store will have 25,000 sq. ft. of selling space and 5,000-sq.-ft. storage. The franchisee of the new store and of the first Drug Castle in Springfield is Brown Drug Co. Richard Brown, president of Brown Drug, is also the president of Drug Castle.

Dale Obracay, vp of Drug Castle Franchises, said there are nine other stores on the drawing board to be located in Houston, Canton, Ohio; Newark, N.J., and Fort Wayne, Ind.

Walgreens' sales up 16%

DEERFIELD, Ill. — A strong Halloween gain and continuing strong pharmacy performance pushed Walgreens' October sales up 16% to $231.7 million from $200 million in the same month last year. Sales for the 10 months through October were $2.24 billion, 16.5% higher than the $1.92 billion recorded in the same 1983 period. As of Oct. 31, Walgreens was operating 1,104 retail units in 30 states and Puerto Rico vs. 1,033 a year ago.

Big B earnings up

BIRMINGHAM, Ala. — Big B reported that net earnings for the third quarter ended Oct. 20 increased 17% to $546,000, or 9¢ a share, from $455,000, or 7¢ a share, in the comparable year-earlier period. Sales for the quarter rose 17.8% to $31.1 million from $26.4 million. For the first nine months, profits increased 24% to $2.6 million, or 40¢ a share, from $2.1 million, or 32¢ a share, a year earlier. Nine-month sales rose 24% to $100.3 million from $80.7 million.

Feds ease eyeglass rules

WASHINGTON — A sweeping new Federal Trade Commission rule aimed at dismantling anticompetitive restrictions against drug chain optical center operations in dozens of states won tentative approval from agency topsiders earlier this month.

Although the text of FTC's new Eyeglass II rule was still being written at presstime, *Drug Store News* has learned that the regulation will pre-empt scores of existing state laws and optometry board regulations which prohibit eye care professionals from practicing in drug stores and other commercial establishments.

In addition, the regulation will seek to overturn dozens of other related state "form of practice" restrictions.

Index

Classified 38
Financial 9
Merchandiser 31
Pharmacy 21
Merchandise News 36

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Vol. 6, No. 25 November 26, 1984

DuBow named NWDA chairman, pledges wholesaler task force

Laurie DuBow

ORLANDO, Fla. — As the newly elected chairman of the National Wholesale Druggists' Association, Laurie DuBow, president of Lawrence Pharmaceuticals of Jacksonville, Fla., doesn't intend to spend any time "reinventing the wheel."

DuBow, who succeeded Bergen Brunswig's Elmer Fiery as chairman at last month's annual meeting here, plans to start his year's tenure by launching several programs designed to identify and resolve "as many basic common denominator problems as we can find."

Starting in January, DuBow hopes to create a revolving task force of wholesalers to meet once a month or every other month and spend one or two days visiting a key manufacturer.

The task force, as DuBow sees it, will consist of companies from every segment of NWDA's broad-based membership. Now that NWDA and the Drug Wholesalers Association have merged, the resulting membership is composed of companies doing as much as $3 billion in sales and as little as $10 million or less. Some companies operate as many as 40 or more distribution centers while others operate just one. Some are basically just pharmaceutical houses, while others are full-line distributors.

Says DuBow, who has been a wholesaler for nearly 30 years, "We want to produce a cross-section to represent all members, no matter their size, their corporate configuration or their owner."

DuBow says that he has already talked to more than a dozen manufacturers who are eager to participate.

"You know," he points out, "at some of our conventions we set aside part of a day for individual wholesalers and manufacturers to sit down for 12 to 15 minutes to go over their problems and opportunities. This is good, but it's not enough. To get a handle on the subject, you need more than 15 minutes or a half-hour, you need an all-day session. We have to learn from the manufacturers and the manufacturers have to learn from us."

Possible subjects for such meetings, he suggests, include standardizing return goods policies, doing a better job of obtaining and dispensing new product information and determining space allocation more efficiently.

Continued on page 38

Retailers scout new goods

Home health star of PLMA show

By Faye Brookman

ROSEMONT, Ill. — Private-label pump toothpastes, incontinence items and equivalents of new shampoo introductions were the scene-stealers during the recent Private Label Trade Show.

Drug chains attending the three-and-a-half-day event—sponsored by the Private Label Manufacturers Association—said they were looking to boost total store-brand count 10% to 15%. Their goal is to produce 10% of total sales with their own labels.

Many of the representatives of larger chains such as Supe-Rx, Hook, Walgreens and Fay's already stock well over 200 store brand sku's and were there to scout for new categories. Buyers from smaller chains including Ribordy, Wellby and Morgan Pharmacies were seeking to round out their own mix.

The area generating perhaps the greatest interest was home health care, particularly incontinence items. Manufacturers estimate that sales of incontinence products may be as high as $2.7 billion. Drug chains were anxious to get into that business because of high-gross margins and also because it is an effective way to tie the chain's name to health care.

"If there's one thing we're here to look at, it is incontinence items," said SupeRx's private-label buyer Bob Miles.

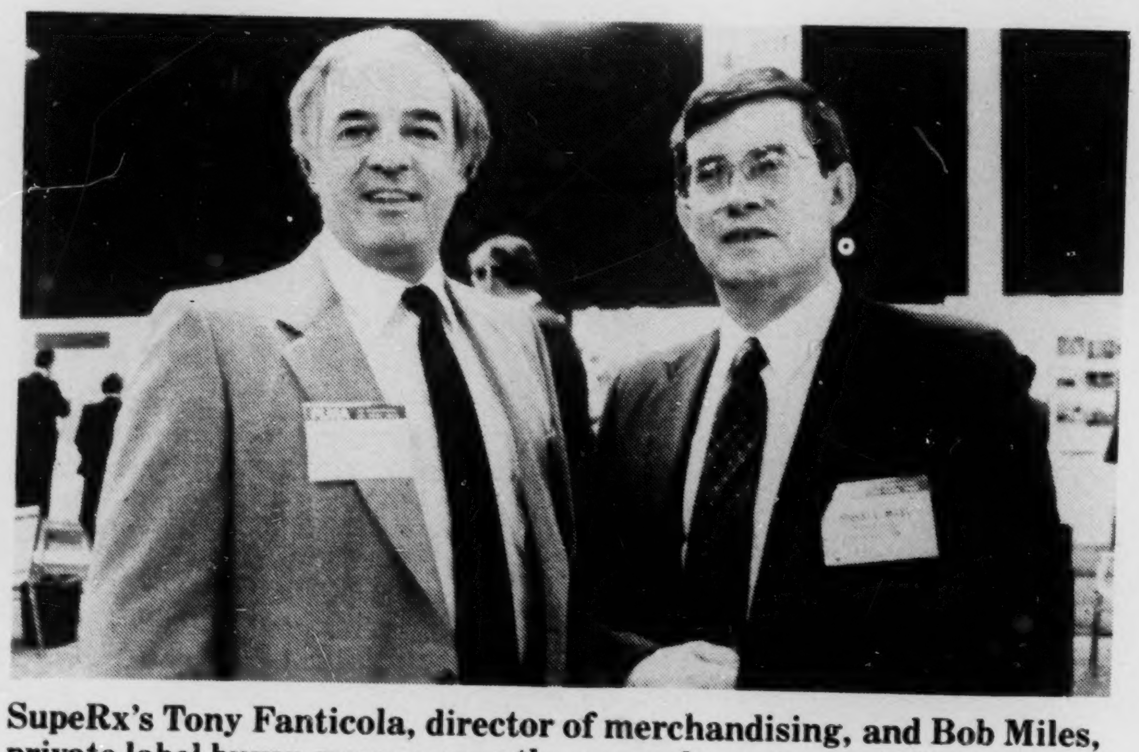
Other chains agreed that the incontinence area is a prime private-label growth area. In fact, Medicare-Glaser, Thrifty and Thrift Drug already have introduced their own labels. Those in it suggest merchandising the items next to the national brand in a home health care area—not near feminine hygiene.

Top level executives praised the private-label industry's growing sophistication and cited its speed at producing a pump toothpaste as a prime example of how far the industry has come in the past few years.

With Crest, Aim, Colgate and Check-Up all into the pump business, buyers are convinced pump toothpastes are here to stay. Most of the chains attending the show, including Walgreens, Hook's and Perry, expressed interest in adding a pump toothpaste sku.

"Sometimes new items come out and you're not sure what will happen, so you hold off on a private label," said Steve Rains, buyer for Hook Drug,

Continued on page 37



SupeRx's Tony Fanticola, director of merchandising, and Bob Miles, private label buyer, were among the many drug store retailers attending the private label show at the O'Hare Expo Center.

FINANCIAL

Earnings drop as Med-Glaser looks to future

ST. LOUIS — A "conscious decision" by Medicare-Glaser to give up short-term earnings growth in order to gain market share and long-term profitability sent profits plummeting for the second quarter and first six months of fiscal 1985.

The St. Louis-based drug chain reported that earnings for the second quarter ended Sept. 30 fell 45% to $167,000, or 5¢ a share, from $304,000, or 13¢ a share, for the comparable year-earlier period. Sales for the quarter were up 4.4% to $19.6 million from $18.8 million.

For the first six months, earnings declined 30% to $281,000 or 9¢ a share, from $402,000, or 17¢ a share, in the comparable period a year ago. Sales increased 4.3% to $39.2 million from $37.6 million.

The company reported that it had "embarked on a vigorous program of opening new stores, while remodeling and enlarging existing stores. At the same time the company is broadening its product mix and enhancing its competitive posture."

The result, according to Medicare Glaser, has been "significant new store losses." The company also said that results had been affected by the cost of adding to its management team to handle expected growth in its full-line drug stores as well as a diversification into home health care and deep discounting.

In addition, Medicare-Glaser reported that it had made a "significant" investment in the development and marketing of its medical information subsidiary, Professional Drug Systems Inc. [PDS], in order to accelerate the subsidiary's long-term growth.

The company reported that during the second quarter PDS delivered a computerized pharmacy system to a major drug chain, which added about $213,000 to net earnings for the period.

At the close of the second quarter, the company was operating 62 professional pharmacies, 28 full-line drug stores, 12 retail optical centers and a home health care center—all in Missouri, Illinois and Conn.

27
Gainers
4
Unchanged
25
Losers

Top five gainers

Company	2-week % change	Closing price 11/5
Newport Pharm	+26.64	$ 6.13
Lee Pharm	+22.73	3.38
Squibb	+ 9.40	52.38
Upjohn	+ 8.13	66.50
Spectro Indus	+ 8.08	26.75

Top five losers

Company	2-week % change	Closing price 11/5
Hook Drug	– 14.29	$18.00
Cooper Labs	– 14.18	15.13
Owens & Minor	– 8.62	13.25
ICN Pharm	– 6.85	8.50
Morton Thiokol	– 5.96	84.88

		STOCK PRICE							TREND TO MARKET				EARNINGS/SHARE					P/E	DIVIDENDS			FINANCIAL POSITION					
		From 10/19/84 - 11/05/84							Price Trend (% per day)		Volume Trend (% per day)			Latest 12 Months vs Preceding 12 Months Change		5-Year Annual Growth Rate	Profit Margin	Latest P/E Ratio	Indicated Dvd. rate		Last X-Dvd. Date	Last Fiscal Year		Current Ratio	Last Fiscal Year (Per Share)		Last Balance Sheet Date
					Change		52-Week		Last 30 Days	Last 5 Days	Last 30 Days	Last 5 Days	Last Fiscal Year														
Name	Symbol	High	Low	Close	Amt	Pct	High	Low						Amt.	Pct				Amt.	Yield		Revenue	Earnings		Long Term Debt	Common Stock Equity	
-	-	$	$	$	$	%	$	$	%	%	%	%	$	$	%	%	%	-	$	%	-	$ Mil	$ Mil	-	$	$	-
Chain Store transactions																											
Adams Drug	ADG	24.38	24.13	24.25	-.13	-.51	24.38	11.00	.72	-.32	-8.74	-18.57	1.74	.60 S	48.7	40.0	2.4	13.3	.04	.2	09-10-84	302.1	7.1	3.2	7.78	11.40	1283
Am Stores	ASC	41.13	37.75	38.13	-1.63	-4.09	42.88	26.50	-.15	-.19	1.21	-41.70	3.61	.87 S	27.9	51.0	1.5	9.6	.64	1.7	09-18-84	7983.7	117.9	1.5	12.39	15.26	0184
Begley Co	BGLY	15.50	15.50	15.50	.00	.00	18.50	14.50	-.06	-.35	2.64	53.85	1.47	1.46 N	NC	-10.0	1.4	10.6	.68	4.4	10-16-84	56.8	.8	1.8	11.50	17.52	0383
Big B	BIGB	12.25	11.25	11.25	-.13	-1.10	13.25	8.88	.05	-1.35	1.35	-18.35	.53	.14 S	31.1	23.0	3.0	19.1	.00	.0	09-21-83	117.0	3.5	2.3	.18	3.88	0184
Drug Sys	DRGS	5.63	4.88	4.88	.13	2.63	7.50	3.25	1.27	-2.65	1.77	-4.42	.56	-.16 F	-22.2	NC	2.1	8.7	.00	.0	01-25-84	82.3	1.7	3.0	1.28	5.84	0384
Eckerd, Jack	ECK	28.75	27.13	28.00	.25	.90	29.38	20.25	.32	-.25	-.85	-15.35	2.27	.36 F	18.8	4.0	3.3	12.3	1.00	3.6	09-10-84	2622.5	85.4	2.0	2.52	16.47	0784
Fay's Drug	FAY	12.00	10.88	11.75	.63	5.62	14.50	8.38	.34	.41	3.81	-6.61	.60	.15 S	29.4	52.0	2.6	17.8	.20	1.7	09-24-84	312.4	8.1	1.7	1.78	3.82	0184
Genovese Drug	GDX	14.13	13.50	13.75	-.38	-2.65	20.50	11.50	.11	-.60	-1.01	-7.29	.96	.25 S	32.0	70.0	2.0	13.3	.20	1.5	09-17-84	193.8	3.9	1.9	2.83	4.92	0184
Hook Drugs	HOOK	21.25	18.00	18.00	-3.00	-14.29	29.50	18.00	-.80	-1.42	6.65	9.84	2.01	-.07 S	-3.5	8.0	2.7	9.5	1.00	5.6	10-09-84	320.5	8.7	1.7	2.75	10.38	1283
Longs Drg Strs	LDG	44.75	42.63	44.25	.63	1.43	49.75	34.00	.19	-.13	-.89	-3.42	3.43	.41 S	12.9	11.0	3.0	12.4	1.28	2.9	08-28-84	1214.4	36.4	1.9	.00	21.13	0184
Pay N Save	PAYN	23.00	22.75	22.88	.25	1.11	28.75	14.38	-.13	-.43	-13.46	-9.45	2.02	-.23 S	-13.2	0	2.5	15.3	.60	2.6	08-20-84	1220.5	30.1	2.0	9.01	14.37	0184
Pay Less NW	PAY	24.13	22.00	24.00	.75	3.23	24.13	14.00	.45	.52	-4.21	-4.83	1.35	.34 S	29.8	4.0	2.9	16.2	.34	1.4	09-17-84	852.9	24.7	1.8	4.62	7.19	0184
Perry Drug	PDS	17.00	16.13	17.00	.00	.00	19.63	12.38	-.41	.06	4.58	58.45	1.02	.45 N	52.9	12.0	1.6	13.1	.24	1.4	08-21-84	285.5	4.5	2.2	2.78	9.75	1083
Revco Drug	RDS	29.25	27.00	28.00	-1.25	-4.27	37.50	24.00	-.23	-.74	-2.33	11.03	2.54	.52 Q	26.0	26.0	4.2	11.1	.80	2.9	08-20-84	2227.5	93.4	2.1	1.08	12.22	0584
Rite Aid Corp	RAD	27.25	24.50	27.00	1.50	5.88	27.25	17.50	.30	.28	2.50	-4.84	1.47	.30 S	23.4	29.0	5.1	17.1	.51	1.9	10-09-84	1223.3	62.2	2.3	.49	7.68	0284
Thrifty Cp	TFD	21.38	19.63	20.50	.25	1.23	21.38	11.50	.46	-.09	1.98	-22.83	1.40	.27 F	23.8	20.0	2.1	14.6	.52	2.5	08-06-84	1299.3	27.9	1.5	5.39	6.83	0883
Walgreen Co	WAG	43.25	41.63	43.25	1.25	2.98	43.25	28.63	.47	-.01	1.11	-7.59	2.78	.51 F	22.4	42.0	3.1	15.6	.88	2.0	11-07-84	2744.6	85.4	1.6	1.76	11.47	0883
Wholesaler's transactions																											
Bergen Bruns	BBCA	24.75	23.00	23.75	.25	1.06	28.63	19.00	.28	-.38	-4.15	-44.08	1.86	.26 F	16.2	37.0	1.4	12.8	.32	1.3	10-26-84	1703.4	23.4	1.6	1.22	9.99	0883
Cardinal Dist	CDIC	14.50	13.50	14.00	-.25	-1.75	19.25	13.50	-.93	-.58	-.98	79.45	1.01	.99 Q	NC	23.0	1.1	14.1	.00	.0	00-00-00	243.3	2.6	1.8	1.01	6.50	0384
Durr Fillauer	DUFM	13.75	12.75	13.00	-.75	-5.45	16.25	10.25	-.15	-.10	-2.68	16.09	.80	.09 S	12.0	21.0	1.9	15.5	.16	1.2	08-20-84	263.2	5.0	2.3	2.03	6.80	1283
McKesson Cp	MCK	39.50	37.88	39.25	1.38	3.63	44.25	32.38	-.04	.00	-1.38	-6.46	3.25	-.08 S	-2.4	.0	1.5	12.1	2.40	6.1	08-28-84	4260.0	63.0	1.4	10.45	30.25	0384
Foxmeyer Cp	FOXM	25.00	23.88	24.25	-.50	-2.02	26.75	20.00	.08	-.22	1.10	-26.87	1.27	.33 F	35.1	51.0	1.1	19.1	.00	.0	00-00-00	464.2	5.2	2.0	3.95	11.86	0384
Ketchum	KCH	16.50	15.00	15.75	-.75	-4.55	20.19	10.09	.24	-.81	3.20	-57.87	.77	-.26 Q	-29.2	87.0	.3	25.0	.00	.0	09-24-84	245.1	.8	1.5	6.37	6.74	0484
Owens & Minor	OBOD	14.75	13.25	13.25	-1.25	-8.62	17.25	11.25	-.09	-2.18	-1.44	-21.47	1.41	.17 S	14.5	10.0	1.2	9.9	.36	2.7	12-10-84	255.2	3.0	2.8	5.07	11.69	1283
Spectro Indus	SPO	27.00	25.00	26.75	2.00	8.08	27.00	15.50	.35	-.05	1.68	42.99	1.78	.72 S	48.9	57.0	1.8	12.2	.14	.5	09-24-84	395.4	7.2	1.7	2.46	8.88	0384
Manufacturer's transactions																											
Abbott Labs	ABT	42.50	40.00	41.63	-.63	-1.48	50.50	36.75	-.02	-.40	-2.81	-5.09	2.86	.50 N	18.5	25.0	11.9	13.0	1.20	2.9	10-09-84	2927.9	347.6	1.9	4.00	11.71	1283
Am Home Prod	AHP	50.63	49.25	49.88	.00	.00	55.75	46.75	.06	-.18	1.10	-18.92	4.00	.46 S	12.2	16.0	12.9	11.8	2.64	5.3	08-07-84	4856.5	627.2	3.0	.00	13.14	1283
Baxter Travenol	BAX	14.13	13.25	14.13	.25	1.80	27.38	12.50	-.10	.05	-1.75	-3.75	1.45	-.18 N	-12.7	18.0	11.8	11.5	.33	2.3	08-31-84	1842.5	218.1	1.7	1.60	8.17	1283
Block Drugs Co	BLOCA	27.00	27.00	27.00	.00	.00	28.25	25.00	-.05	-.33	-2.84	-70.00	3.28	.32 Q	10.5	16.0	10.0	8.1	1.00	3.7	08-28-84	238.2	23.9	2.3	2.41	20.68	0384
Bolar Pharm	BLR	26.50	24.00	24.25	-.88	-3.48	32.00	17.50	-.27	-1.24	-8.47	31.00	1.15	.13 S	13.0	46.0	19.2	21.5	.05	.2	02-10-84	25.5	4.9	4.9	.00	4.76	1283
Bristol-Myers	BMY	50.00	47.50	49.75	1.50	3.11	50.38	40.75	.30	.04	-.53	3.05	3.00	.46 N	15.9	19.0	10.4	14.9	1.60	3.2	10-01-84	3917.0	408.0	2.4	.71	13.99	1283
Carter-Wallace	CAR	27.88	25.50	27.50	2.00	7.84	27.88	19.38	.60	.40	1.46	-13.78	2.37	1.86 S	265.7	30.0	5.7	10.7	.48	1.7	07-26-84	323.1	18.4	2.4	1.69	21.87	0384
Cooper Labs	COO	17.88	15.00	15.13	-2.50	-14.18	27.00	10.38	-.41	-2.78	-9.69	-25.34	.51	-.04 N	NC	NC	3.5	NE	.12	.8	03-12-84	232.5	8.2	1.9	4.36	13.07	1083
Forest Labs	FRX	16.38	14.00	14.38	-.13	-.86	32.25	11.25	.31	-1.34	1.42	-2.66	.54	.08 Q	16.6	56.0	14.8	25.7	.00	.0	01-14-83	19.6	2.9	8.3	.28	5.42	0384
ICN Pharm	ICN	9.13	8.25	8.50	-.63	-6.85	9.75	4.88	-.25	-1.18	-3.83	22.06	.22	-.09 S	-32.1	42.0	5.1	44.7	.00	.0	00-00-00	37.0	1.9	4.3	.20	4.34	1183
Key Pharm	KPH	12.13	10.50	11.25	-.50	-4.26	20.25	10.50	-.97	-.03	-1.53	-24.89	.51	.20 S	50.0	78.0	14.8	18.8	.16	1.4	09-10-84	127.3	18.8	2.1	1.16	1.67	1283
Lilly Eli Co	LLY	62.88	59.88	62.63	2.63	4.38	67.88	53.00	.33	.46	-4.48	25.02	6.13	.79 N	13.4	12.0	15.1	9.4	3.20	5.1	11-08-84	3033.7	457.4	1.9	1.23	28.86	1283
Lee Pharm	LPH	3.38	2.63	3.38	.63	22.73	3.75	2.13	.34	-1.26	7.35	-18.78	-.49	.23 N	NE	-92.0	-14.3	NE	.00	.0	00-00-00	7.0	-1.0	2.6	.41	1.53	0983
Marion Labs	MKC	42.75	39.88	41.38	1.38	3.44	44.00	27.25	.20	-.51	1.16	-58.80	1.24	.50 Q	56.8	59.0	10.6	30.0	.40	1.0	09-12-84	226.4	24.1	2.4	.04	7.05	0684
Merck & Co	MRK	89.13	84.25	88.75	1.75	2.01	99.50	78.25	.18	.38	-.60	10.74	6.10	.52 N	8.6	7.0	13.9	13.6	3.00	3.4	08-31-84	3246.1	450.9	1.7	5.21	32.92	1283
Morton Thiokol	MTI	90.50	84.50	84.88	-5.38	-5.96	91.00	60.00	.05	-.55	-.65	-6.50	6.50	1.30 Q	23.6	27.0	5.5	12.5	1.76	2.1	08-27-84	2001.5	109.8	1.5	8.82	37.54	0684
Mylan Labs	MYLN	27.75	25.13	26.50	-.25	-.93	35.13	8.22	.30	-.15	-.97	14.35	.40	.24 Q	77.4	98.0	12.7	48.2	.03	.1	08-01-84	36.9	4.7	5.4	.21	1.52	0384
Newport Pharm	NWPH	6.63	4.50	6.13	1.25	25.64	9.63	2.75	.21	-2.05	-2.89	-27.26	-.21	-.18 F	NE	9.0	-26.0	NE	.00	.0	00-00-00	7.7	-2.0	2.6	.22	.93	0484
Pfizer Inc	PFE	40.25	35.25	40.00	2.50	6.67	41.13	29.38	.37	1.47	2.23	19.65	2.73	.43 N	16.6	18.0	11.9	13.2	1.32	3.3	07-26-84	3750.0	447.1	2.1	3.03	13.67	1283
Reid Prov Labs	REID	3.13	2.88	3.00	-.13	-4.00	4.75	2.75	-.66	.96	-2.93	13.77	.12	.02 F	20.0	107.0	6.7	25.0	.04	1.3	12-10-84	13.4	.9	3.1	.03	.80	0683
Robins, AH	RAH	20.88	17.63	20.00	-1.00	-4.76	26.00	12.00	.21	3.31	4.08	20.68	2.40	-.98 N	-41.3	9.0	10.3	14.4	.76	3.8	08-20-84	563.5	58.2	3.2	1.36	14.69	1283
Rorer Group	ROR	29.38	26.75	29.38	.63	2.17	34.25	25.25	-.70	.87	-2.46	-52.09	2.02	.28 S	15.3	10.0	8.9	13.9	1.08	3.7	08-06-84	475.3	42.4	2.0	2.18	10.43	1283
Scherer RP Co	SCHC	9.50	8.63	9.00	-.50	-5.26	18.75	8.63	-.28	-.18	-3.70	41.91	.52	-.40 Q	-44.4	-5.0	2.3	18.0	.32	3.6	09-12-84	171.7	4.0	1.9	4.83	11.14	0384
Searle, GD	SRL	61.50	55.50	58.50	.13	.21	61.50	37.50	.10	.14	-4.08	-9.14	2.39	.70 N	29.7	14.0	12.6	19.2	.52	.9	11-02-84	946.0	119.0	2.4	3.62	14.85	1283
Squibb Corp	SQB	52.75	47.50	52.38	4.50	9.40	52.75	37.50	.38	.92	1.10	4.16	3.31	.37 N	11.5	10.0	9.8	14.7	1.44	2.7	08-13-84	1768.9	173.3	2.4	3.86	23.24	1283
Sterling Drug	STY	27.75	26.13	27.00	-.25	-.92	29.50	23.50	.08	-.47	2.60	-5.91	2.24	.15 N	6.8	7.0	7.2	11.6	1.16	4.3	08-09-84	1901.2	136.8	2.7	1.44	14.96	1283
Syntex Corp	SYN	50.13	47.38	49.75	1.50	3.11	59.88	37.75	.23	.13	-.61	-8.63	4.08	-.22 F	-5.1	28.0	14.7	12.2	1.60	3.2	08-13-84	916.5	134.6	2.2	3.37	18.11	0783
Thompson Med	TM	17.75	16.50	16.50	-1.00	-5.71	26.50	13.25	-.49	-.85	-2.89	-.72	1.65	.67 N	42.1	65.0	11.0	7.3	.40	2.4	09-11-84	149.4	16.5	3.2	.00	5.85	1183
Upjohn Co	UPJ	68.00	60.75	66.50	5.00	8.13	72.25	45.00	.88	.93	5.48	20.09	5.28	.68 N	13.6	2.0	8.1	11.7	2.56	3.8	10-01-84	1986.1	160.2	2.2	18.02	34.74	1283
Warner-Lambrt	WLA	35.38	33.13	35.38	1.75	5.20	36.75	27.75	.41	.60	.72	34.42	2.51	.51 S	23.3	1.0	6.5	13.2	1.48	4.2	08-06-84	3108.3	200.5	1.9	7.53	17.75	1283
Zenith Labs	ZENI	16.75	16.00	16.25	-.63	-3.70	18.50	12.00	[illegible]	-.79	-5.35	27.69	.73	-.43 S	-45.2	56.0	7.8	31.3	.00	.0	00-00-00	32.1	2.5	4.6	1.12	5.12	1283

All data is based on sources believed to be reliable, but its accuracy is not guaranteed. Every effort will be made to correct errors, when discovered, in future issues.

Footnotes:

NA - Not Applicable
NC - Not Calculable
NE - Negative Earnings
NM - No Meaningful Figure
Q - First Quarter
S - First 6 Months
N - First 9 Months
F - Fiscal Year

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SPECIAL REPORT:
1984 POPAI Du Pont Drug Store Shopper Study—p. 11

PHARMACY
Portland Rxers on the ropes in HMO slugfest—p. 39

DRUG STORE NEWS

Vol. 6/No. 26 Serving the Retail Drug Store Industry for 55 years Published by Lebhar-Friedman Inc. December 10, 1984

American puts muscle into 'super chain' plan

By Bruce Buckley

SALT LAKE CITY — With the sale of Rea and Derick under its belt, American Stores has begun to consolidate its remaining drug store operations into a single super chain operating stores coast to coast.

The move, according to the company, is designed to achieve "significant economies" for the three operations—Skaggs, Osco and Sav-On. The 641 super stores operated by the three divisions are estimated to generate sales of more than $3 billion—the highest in the industry.

Part of the move will involve merging the buying activities of the three chains in order to achieve the best possible prices based on volume buys. In addition, American said, it will "provide the company with greater flexibility and leverage in developing its private-label program."

Asked if the coordination of buying programs meant the creation of a single super buying staff in Salt Lake or Chicago, Michael T. Miller, sr. vp of American Stores, said, "Not at present."

In another change aimed at gaining greater market penetration and economies of scale, American has begun to unite its drug stores in specific markets under single logos.

For example, the 15 Skaggs Drug Centers in southern California—a Sav-On stronghold—will assume the name of its sister drug chain in January. In addition, the five Sav-Ons and seven Skaggs Drug Centers in Las Vegas will change their names to Osco Drug.

American said other Skaggs stores across the country will also be changed to the Osco banner starting in February 1985. In addition, 33 Osco stores that currently operate as a separate

Continued on page 65

More planned in '85

Peoples opens deep-discount

GREENBELT, Md. — Peoples Drug Stores has opened its first experimental deep-discount store—a 35,000-sq.-ft. carnival of a store called Bud's Deep Discount Store and More.

Barry Wilen, corporate vp of Retail Development who designed the store, said Peoples will be opening "several more Bud's during 1985."

He said negotiations for sites are currently under way, but no second lease has been signed yet.

The first Bud's opened in mid-November in the Beltway Plaza Shopping Center here. Wilen, who describes Bud's as "like no other drug store in the world," has given 30% of the store's 25,000 sq. ft. of selling space to food and the rest to

Continued on page 65

Fla. Eckerd store tests scanners

By Gail Appleson

CLEARWATER, Fla. — The Eckerd Drug Co. has begun testing a point-of-sale scanning system in Largo, Fla., using three IBM slot scanners and four Symbol Technologies hand-held laser devices.

This move places Eckerd among a handful of drug chains, including Revco and Rite Aid, which are experimenting with POS scanning programs.

The addition of scanners follows Eckerd's announcement at its 1983 annual meeting that it planned to test such devices. The chain already has POS system support equipment in over 100 stores.

IBM is among the pioneers of slot scanning in supermarket chains and remains among the top three scanner manufacturers serving that industry. This

Continued on page 65

Med-Glaser's MEGS debuts in St. Louis

ST. LOUIS — Medicare-Glaser has opened its first deep-discount drug store, a 25,000-sq.-ft. unit called MEGS Deep Discount Drugs and Much More.

The store, which has 21,000 sq. ft. of selling space, is located in a strip center on Manchester Street, one of the busiest thoroughfares in St. Louis.

MEGS, which has the potential to generate between $8 million and $10 million its first year, is being operated on margins slightly below the 18% to 20% common to deep-discount stores.

Management is reportedly shooting for approximately seven turns a year on an average inventory of approximately $1 million.

MEGS has been designed by Fred Barney, executive vp and coo of the St. Louis-based chain, and Jerry Gaddis, vp of the Specialty Retail division.

Barney, who is also president of the Specialty Retail division, and Gaddis created and ran the Jax deep-discount store division for Fisher Foods in Cleveland for several years. Barney was also president of Gray Drug Fair for several years.

Both men say they will be opening more MEGS outlets for Medicare-Glaser. A search is now under way for additional sites and a second MEGS could open by mid- to late 1985, according to Gaddis.

"You have to be in competition with deep-discount stores," says Gaddis, who is handling the day-to-day supervision of MEGS, while Barney works on realigning merchandising strategies for Medicare-Glaser's traditional drug stores that compete with MEGS.

"If you're not in the running with your own deep-discount drug store, then someone else will be. Yes, we now have to worry about how to maintain volume in our traditional stores, and we are working on that. But you have to remember that when there are trade-offs, at least we are keeping the dollars in the corporation," says Gaddis.

MEGS is the third deep-discount drug store to open in the St. Louis market in the past eight months. The first, Colman's, was opened by an independent who is about to launch its second unit. A second deep-

Continued on page 65

Dolls center stage at grand opening

ST. LOUIS — An elderly woman's desire to brighten the last days of a young girl dying from leukemia transformed Medicare-Glaser's opening of its first deep-discount store, MEGS, into a media event.

The woman, who stood in line for more than five hours on a drizzly, cold November morning, made headlines in [illegible] the morning papers and on the evening television news. Reporters covering the grand opening discovered she had endured the wait to buy an advertised Cabbage Patch Doll for the terminally ill child.

Her kindness, together with the near-riot condition under

Continued on page 66

LATE NEWS

THIRD-QUARTER NET earnings at Pay Less Drug Stores NW, rose 22% to $5.6 million from $4.6 million in 1983. Sales were up 19% to $223.5 million from $203.9 million the previous year. Through the first three quarters, Pay Less has posted earnings of $15.3 million on sales of $651.6 million.

FAY'S DRUG COMPANY reported a "modest" increase in net earnings for the third quarter ended Oct. 31, the result of a "widespread softening in sales of general merchandise" and of comparing with a robust 56% earnings growth in the same year-earlier period. Earnings were up 1.2% to $1.8 million for the quarter, as sales increased 14.3% to $87.4 million. For the nine months, earnings increased 22.8% to $9.7 million, while sales rose 16.8% to $257.3 million.

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—News in brief—

Site changed for Pay Less d.c.

WILSONVILLE, Ore. — Pay Less NW has switched the site of its planned northern California distribution center from Stockton to Woodland. Construction of the 500,000-sq.-ft., facility will begin in the spring of 1985, with completion scheduled for the summer of 1986.

The new Woodland facility will service 79 Pay Less stores in northern California.

The major purpose of the new facility is to cut distribution costs to Pay Less stores in northern Califo[illegible] reducing distances from warehouse to stores by one-half. Currently, the central distribution center in Wilsonville ships from Oregon south to Bakersfield, a distance of 1,000 miles. The new d.c. will ship from Woodland to Bakersfield, a distance of 430 miles.

Pay Less NW officials would not comment on the reasons for the site change.

Genovese net income up 5%

MELVILLE, N.Y. — Genovese Drug Stores Inc. reported that third-quarter net income rose 5% to $774,000 from $737,000 during the same period last year. Sales for the quarter, ended Nov. 9, were up nearly 19% to $50.8 million from $42.7 million in 1983.

Through the first three quarters of the year, Genovese has posted earnings of nearly $2.5 million on sales of $163.5 million.

Eckerd appoints Masters

CLEARWATER, Fla. — Jack Eckerd Corp. has appointed Larry C. Masters, former chairman of May D&F Department Stores in Denver, chairman and ceo of JByrons Department Stores, its 61-store junior department store subsidiary.

Evans named ceo at Cullum Cos.

DALLAS — Jack W. Evans has been named chief executive officer of Cullum Cos., the parent of Page Drug and Tom Thumb/Page. Evans retains the title of president. However, J. T. Hairston succeeds Evans as chief operating officer.

Whitehall ordered to nix Advil ads

NEW YORK — Whitehall Laboratories was ordered by a U. S. District Court here to discontinue advertisements for Advil that the Upjohn Company said were deceptive and misleading. The court enjoined Whitehall from using a print and television ad that represented the brown-colored Advil as an orange tablet, which closely resembles the color of Upjohn's prescription ibuprofen, Motrin. Whitehall also was ordered to discontinue an advertising copy line stating that Advil is "so effective that doctors have already prescribed it over 130 million times." Upjohn charged that the sentence in the ad could cause confusion to consumers, who might interpret the statement as referring to Upjohn's Motrin rather than Whitehall's nonprescription product, Advil.

Perry opens new store

PONTIAC, Mich. — Perry Drug has opened its first new store for its fiscal 1985, a 6,000-sq.-ft. Auto Works discount auto parts store in Sturgis, Mich.

The chain now operates 146 drug stores, 157 auto parts stores, a clinical laboratory and a health-care facility in eight states.

Revco to offer Rx info program

TWINSBURG, Ohio — Revco D. S. next month will launch a new pharmacy information program designed to answer consumer questions about prescription drugs and the growing number of OTC medications. Dubbed "PHARMassist," the new in-store program will include special store signs and brochures, all of which are aimed at encouraging customers to ask Revco pharmacists questions concerning health care related products.

Revco also has kicked off a new campaign promoting the career opportunities in the field of pharmacy. In addition to sending Revco personnel out to speak to high school students, Revco also will make presentations to pharmacy school students about the trends in the industry.

Diane M. Tharp, R. Ph., manager, professional operations, will oversee Revco's in-store program for customers. H. Craig Darby and Joseph R. Sabino, both professional operations representatives, will spearhead Revco's pharmacist recruitment drive.

Index

Classified 64
Financial 8
Merchandise news 61
Pharmacy 39
Pharmacy product update 52
Special Report: POPAI study 11

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Vol. 6, No. 26 December 10, 1984

Peoples pays $85 million for Rea and Derick chain

ALEXANDRIA, Va. — Peoples Drug Stores is acquiring the 134-unit Rea and Derick drug chain for $85 million.

The acquisition price was revealed last month as Peoples signed a definite agreement with Rea and Derick's former parent, American Drug Stores.

As reported in *Drug Store News'* Nov. 26 issue, Peoples had reached an agreement in principle with American Stores earlier in November, winning out in the final bidding round over Rite Aid, Sherwin-Williams and Weis Markets.

The acquisition, which still has to be approved by regulatory authorities, will increase Peoples annual sales to nearly $1.2 billion, while expanding the chain's universe of stores to 750 units.

For at least a year, Peoples will continue to operate Rea and Derick, which has a leading market share in most of the communities in which it operates, as a separate division just as Peoples operates its Lane and Reed divisions.

Peoples' management acknowledges that the company could probably achieve some operational efficiencies by consolidating Rea and Derick's buying staff with that of Peoples, but they also point out that the Peoples buyers will have their hands full buying for the chain's new Fredericksburg distribution facility, which will open around March of next year.

In the Peoples organization, buyers make their purchases for the distribution centers that service specific stores. Therefore, the Rea and Derick buying organization will continue to make purchases for the Rea and Derick facility which currently services 134 stores.

That same facility may also begin to service that handful of Peoples stores which also operate in Rea and Derick's Pennsylvania markets.

It is also very likely that Peoples will combine the Peoples and Rea and Derick names in all future ads for the area. "We will probably run commercials saying these values are obtainable at all Peoples and Rea and Derick stores," says Joe Pollard, Peoples vp of advertising.

At present, Peoples has no plans to change any of the merchandising layout in the Rea and Derick stores. Most of those stores are similar in style and layout to Peoples, anyway.

There are, however, about 20 Rea and Dericks that are more in the super drug store range of about 18,000 sq. ft., and there is a slim possibility that these may get new layouts and perhaps be downscaled.

However, some industry sources who have shopped the bigger stores say that Peoples may just decide to leave them as they are. "They're well laid out and well merchandised," says George Nyhardt, senior vp of the National Association of Chain Drug Stores.

Other sources point out that the variety of prototypes in the Rea and Derick division, extending from small stores located in small Pennsylvania towns to the super stores that Skaggs started opening after it acquired Rea and Derick several years ago, gives Peoples an operation that is described as "not exactly confused, but in-between."

"It's a question of them operating not just one type of chain stores, but several," says a source.

However, a source for Amer-

Continued on page 66

Eckerd rebound continues as earnings increase 18.2%

CLEARWATER, Fla. — The Jack Eckerd Corp. earnings rebound that began last year was still going strong at the end of the first quarter, with net earnings of $13.2 million, up 18.2% over last year's $11.1 million.

Sales for the quarter ended Oct. 27 were $637.8 million, up 17.5% over the $543 million reported during the same period in 1983.

The drug division, which now has almost 1,500 stores, continued to be the profit leader with operating earnings of $33.4 million, up 17.7% over last year's $28.3 million. Sales increased to $548.8 million, from $472.6 million, an increase of 16.1%.

While both the J. Byrons and American Home Video divisions remained in the red for the quarter, both divisions reported that operating losses had been reduced.

JByrons, the corporation's Florida junior department store chain with 61 units, decreased its operating loss from $1.9 million to $1.5 million, as sales rose 18.6% to $49.5 million.

American Home Video, with 203 stores, cut its first-quarter operating loss to $1.8 million from $2.9 million last year. Sales increased 37.9% to $39.6 million.

Stewart Turley,.chairman and president, praised the drug division, calling its performance "excellent." He said one reason for the strong showing was that Eckerd "stepped out before the others and promoted. We think it will be a promotional Christmas."

During the company's annual shareholders' meeting here, Turley cited the following drug division accomplishments during fiscal 1984:

- Eckerd Drug consolidated all of its buying and merchandising groups into the company's headquarters. This move is expected to streamline the division's buying operation and allow faster reaction time.
- The division began testing a new race track store design with a central service and checkout area.
- A new 216,000-sq.-ft. distribution center was opened in Hammond, La.
- The company met its commitment to install 400 pharmacy computers. An additional 500 will be in place in 1985.
- Two "one hour" photofinishing units were opened for testing in fiscal 1984. Three more are expected to open this month. All are located inside Eckerd Drug stores, but have separate outside entrances.

In the first quarter of fiscal 1985, the corporation initiated several of its long-range plans. The first POS scanning system was installed in the Seminole Mall drug store in Largo. That store also received an experimental Comp-U-Card video shopping machine, from which shoppers can order 2,000 to 3,000 of the best-selling items.

Turley said the drug division has also began testing a program in some stores to offer video rental tapes from American Home Video. Stores involved in the test are located in Houston, Dallas and Atlanta. The participating drug stores have about 80 titles, which are stocked by American Home Video.

"It's a unique situation where we can take care of ourselves," Turley said. "If you don't have the current titles, you're really in trouble."

Bogus OC's traced to Panama

ROCKVILLE, Md. — Food and Drug Administration investigators traced at least one shipment of counterfeit Ovulen 21 oral contraceptives to Panama, but are downplaying speculation that a "Central American connection" may be responsible for the bogus OC's, which began turning up in pharmacies and wholesale drug warehouses over a month ago.

The Panamanian shipment, destined for a Deer Park, N.Y., wholesaler (Quality King), was spotted by ~~a sharp-eyed~~ U.S. Custo[illegible] inspector at New York'[illegible]nnedy International Air[illegible]t who became suspicious of a declaration indicating that the drugs were "re-entering" the United States.

Acting on the Customs agent's tip, F.D.A. officials seized 1,329 cartons (15,948 21-tablet units) of the counterfeit Searle OC from Quality King. A spokesman for the agency told *Drug Store News* that the pills in the Panamanian shipment appear to be from the same batch ("Lot 489") that was traced earlier to a competing Long Island distributor, Interstate Cigar.

F.D.A. investigators also disclosed a separate seizure of 482 cartons of counterfeit "489" Ovulen ("complete with patient package inserts") at McKesson's warehouse in Grand Prairie, Tex. The agency also seized 4,100 units of bogus OC's from Memphis, Tenn.-based Williams Generics. (Unlike the counterfeits obtained from McKesson and Quality King, the drugs seized in Tennessee were marked similarly to phony Ovulen tablets that had been earlier tracked to a third Long Island wholesaler, Interstate Drug Exchange.)

Although officials at two of the New York wholesale druggists (Interstate Cigar and Interstate Drug Exchange) told *DrSN* that they had purchased their Ovulen supplies from a Florida distributor (Lantor), Federal investigators refused to disclose any information concerning that company's possible involvement.

Officials at Searle, which is conducting its own investigation of the counterfeits, also refused to release any further information.

FINANCIAL

Three wholesalers post record sales, earnings

NEW YORK — Three of the country's five leading wholesalers reported record sales and earnings for the quarter ended Sept. 30.

Alco Standard Corp., headquartered in Valley Forge, Pa., closed its fiscal year with earnings up 22% to a record $64.8 million from $53.1 million in 1983. Primary earnings per share rose 14% to $2.87 from $2.52 the previous year.

Alco's revenues from continuing operations were up 24% to $3.4 billion from $2.7 billion in 1983.

For the three-month period ended Sept. 30, Alco recorded a 7% decrease in net earnings as net income dropped to $17.9 million from $19.2 million during the fourth quarter of 1983. Revenues from the fourth quarter rose 24% to $381.3 million from $306.7 million in 1983.

FoxMeyer Corp., the fourth leading wholesaler, reported that second quarter earnings rose 46% to $1.9 million from $1.3 million in 1983. On a per share basis, net income increased to 39¢ a share from 30¢.

Second-quarter revenues at FoxMeyer were $167.1 million, a 52% increase over the $109.3 million in 1983.

Through the first two quarters of the fiscal year, FoxMeyer's net earnings were up 68% to $3.4 million from $2 million in 1983. Earnings per share rose 21% to 69¢ from 57¢.

Revenues for the first half of the year at FoxMeyer increased 54% to $326.5 million from $211.6 million during the first two quarters of the previous fiscal year.

The Indianapolis-based Bindley Western Industries reported that third quarter net earnings soared 45% to $1.04 million from $723,000 in 1983. Earnings per share for the third quarter were 33¢, compared with 28¢ for last year.

Third-quarter sales advanced 22% to $141.2 million from $115.9 million in 1983.

Net income through the first three quarters of the year at Bindley Western was up 60% to $3.3 million from $2 million in 1983. On a per share basis, earnings rose 17% to $1.04 from 89¢. Sales for the first three quarters were $406 million, compared with $344.9 million in 1983.

10 Gainers
5 Unchanged
38 Losers

Top five gainers

Company	2-week % change	Closing price 11/19
Zenith Labs	+16.92%	$19.00
Reid Prov Labs	+12.50	3.38
Block Drugs	+11.11	30.00
ICN Pharm	+ 2.99	8.63
Spectro Indus	+ 2.36	27.36

Top five losers

Company	2-week % change	Closing price 11/19
Cooper Labs	−17.60%	$12.88
Fay's Drug	−13.68	10.25
Key Pharm	−12.36	9.75
Forest Labs	−11.30	12.75
Rite Aid	− 8.45	24.25

		STOCK PRICE							TREND TO MARKET				EARNINGS/SHARE					P/E	DIVIDENDS			FINANCIAL POSITION					
		From 11/02/84 - 11/19/84							Price Trend (% per day)		Volume Trend (% per day)			Latest 12 Months vs Preceding 12 Months Change											Last Fiscal Year (Per Share)		
					Change		52-Week									5-Year Annual Growth Rate	Profit Margin	Latest P/E Ratio	Indicated Dvd. rate		Last X-Dvd. Date	Last Fiscal Year		Current Ratio			Last Balance Sheet Date
Name	Symbol	High	Low	Close	Amt	Pct	High	Low	Last 30 Days	Last 5 Days	Last 30 Days	Last 5 Days	Last Fiscal Year	Amt.	Pct				Amt.	Yield		Revenue	Earnings		Long Term Debt	Common Stock Equity	
-	-	$	$	$	$	%	$	$	%	%	%	%	$	$	%	%	%	-	$	%	-	$ Mil	$ Mil	-	$	$	-
Chain Store transactions																											
Am Stores	ASC	38.50	36.38	36.50	-1.63	-4.26	42.38	26.50	-.27	-.42	.84	6.71	3.61	.87 S	27.9	51.0	1.5	9.2	.64	1.8	09-18-84	7983.7	117.9	1.5	12.39	15.26	0184
Begley Co	BGLY	15.50	15.50	15.50	.00	.00	18.50	14.50	-.05	.49	11.04	-16.36	1.47	1.46 N	NC	-10.0	1.4	10.6	.68	4.4	10-16-84	56.8	.8	1.8	11.50	17.52	0383
Big B	BIGB	11.75	11.25	11.38	.13	1.11	13.25	8.88	-.02	.39	-.29	2.84	.53	.14 S	31.1	23.0	3.0	19.3	.00	.0	09-21-83	117.0	3.5	2.3	.18	3.88	0184
Drug Sys	DRGS	5.25	4.75	4.75	-.25	-5.00	7.50	3.25	.44	.00	1.85	27.46	.56	-.21 Q	-29.5	-74.0	2.1	9.5	.00	.0	01-25-84	82.3	1.7	3.0	1.28	5.84	0384
Eckerd, Jack	ECK	29.00	27.00	27.88	-.38	-1.33	29.25	20.25	.13	.48	-1.90	2.67	2.27	.36 F	18.8	4.0	3.3	12.3	1.00	3.6	09-10-84	2622.5	85.4	2.0	2.52	16.47	0784
Fay's Drug	FAY	12.50	9.75	10.25	-1.63	-13.68	14.50	8.38	.33	-3.66	5.95	62.36	.60	.15 S	29.4	52.0	2.6	15.5	.20	2.0	09-24-84	312.4	8.1	1.7	1.78	3.82	0184
Genovese Drug	GDX	13.88	13.63	13.88	.13	.91	20.50	11.50	-.12	.88	-3.32	11.90	.96	.25 S	32.0	70.0	2.0	13.5	.20	1.4	09-17-84	193.8	3.9	1.9	2.83	4.92	0184
Hook Drugs	HOOK	18.50	18.00	18.50	.25	1.37	29.50	18.00	-.90	.76	4.21	13.99	2.01	-.26 N	-12.7	6.0	2.7	10.4	1.00	5.4	10-09-84	320.5	8.7	1.7	2.75	10.38	1283
Longs Drg Strs	LDG	45.13	43.00	43.63	-1.13	-2.51	49.75	34.00	.20	-.01	2.33	4.16	3.43	.41 S	12.9	11.0	3.0	12.2	1.28	2.9	08-28-84	1214.4	36.4	1.9	.00	21.13	0184
Pay N Save	PAYN	22.88	22.50	22.88	.00	.00	28.75	14.38	-.10	.50	-12.65	-22.62	2.02	-.23 S	-13.2	.0	2.5	15.3	.60	2.6	08-20-84	1220.5	30.1	2.0	9.01	14.37	0184
Pay Less NW	PAY	24.13	22.00	22.38	-1.75	-7.25	24.13	14.00	.23	-.50	-2.06	-25.74	1.35	.34 S	29.8	4.0	2.9	15.1	.34	1.5	09-17-84	852.9	24.7	1.8	4.62	7.19	0184
Perry Drug	PDS	17.25	16.25	16.38	-.13	-.76	19.63	12.38	-.18	-.19	2.56	10.98	1.02	.45 N	52.9	12.0	1.6	12.6	.24	1.5	08-21-84	285.5	4.5	2.2	2.78	9.75	1083
Revco Drug	RDS	28.38	26.00	26.25	-1.38	-4.98	37.50	24.00	-.45	-.23	-3.30	13.34	2.54	.52 Q	26.0	26.0	4.2	10.4	.80	3.0	08-20-84	2227.5	93.4	2.1	1.08	12.22	0584
Rite Aid Corp	RAD	27.00	24.13	24.38	-2.25	-8.45	27.25	17.50	.14	-.85	-3.19	10.77	1.47	.30 S	23.4	29.0	5.1	15.4	.51	2.1	10-09-84	1223.3	62.2	2.3	.49	7.68	0284
Thrifty Cp	TFD	20.88	19.50	20.00	-.38	-1.84	21.38	11.50	.09	.82	-2.87	38.99	1.40	.27 F	23.8	20.0	2.1	14.3	.52	2.6	11-02-84	1299.3	27.9	1.5	5.39	6.83	0883
Walgreen Co	WAG	44.88	41.50	41.50	-1.13	-2.64	44.88	28.63	.35	-.72	-1.32	-24.84	2.78	.51 F	22.4	42.0	3.1	14.9	.88	2.1	11-07-84	2744.6	85.4	1.6	1.76	11.47	0883
Wholesaler's transactions																											
Bergen Bruns	BBCA	24.25	23.13	23.13	-.75	-3.14	27.63	19.00	.08	.16	-9.07	-29.80	1.86	.26 F	16.2	37.0	1.4	12.4	.32	1.4	10-26-84	1703.4	23.4	1.6	1.08	11.11	0884
Cardinal Dist	CDIC	14.50	13.75	14.25	.13	.89	19.25	13.50	-.61	.60	-.58	-21.89	1.01	.99 Q	NC	23.0	1.1	14.4	.00	.0	00-00-00	243.3	2.6	1.8	1.01	6.50	0384
Durr Fillauer	DUFM	13.00	12.75	12.75	.00	.00	16.25	10.25	-.30	-.07	-4.07	.00	.80	.09 S	12.0	21.0	1.9	15.2	.16	1.3	08-20-84	263.2	5.0	2.3	2.03	6.80	1283
McKesson Cp	MCK	40.38	38.63	39.00	-.38	-.95	44.25	32.38	.08	.51	1.31	-37.61	3.25	-.08 S	-2.4	.0	1.5	12.0	2.40	6.2	08-28-84	4260.0	63.0	1.4	10.45	30.25	0384
Foxmeyer Cp	FOXM	24.50	23.00	23.00	-1.00	-4.17	26.75	20.00	-.11	-.77	.11	-24.99	1.27	.33 F	35.1	51.0	1.1	18.1	.00	.0	00-00-00	464.2	5.2	2.0	3.95	11.86	0384
Ketchum	KCH	16.25	15.13	15.13	-.88	-5.47	20.19	10.09	-.07	-.82	-2.44	-39.71	.77	-.26 Q	-29.2	87.0	.3	24.0	.00	.0	09-24-84	245.1	.8	1.5	6.37	6.74	0484
Owens & Minor	OBOD	13.50	12.75	13.25	.00	.00	17.00	11.25	-.40	.32	1.23	-74.58	1.41	.17 S	14.5	10.0	1.2	9.9	.36	2.7	12-10-84	255.2	3.0	2.8	5.07	11.69	1283
Spectro Indus	SPO	27.50	26.38	27.13	.63	2.36	27.50	15.50	.41	.34	-1.62	7.95	1.78	.72 S	48.9	57.0	1.8	12.4	.14	.5	09-24-84	395.4	7.2	1.7	2.46	8.88	0384
Manufacturer's transactions																											
Abbott Labs	ABT	43.63	41.13	41.50	.63	1.53	48.75	36.75	.23	-.05	-3.26	5.36	2.86	.50 N	18.5	25.0	11.9	13.0	1.20	2.9	10-09-84	2927.9	347.6	1.9	4.00	11.71	1283
Am Home Prod	AHP	50.88	48.00	48.00	-2.50	-4.95	55.75	46.75	.09	-.68	-1.95	2.57	4.00	.41 N	10.5	15.0	12.9	11.2	2.64	5.5	11-06-84	4856.5	627.2	3.0	.00	13.14	1283
Baxter Travenol	BAX	14.63	13.00	13.25	-.75	-5.36	24.88	12.50	.06	-.51	-1.39	-5.25	1.45	-.18 N	-12.7	18.0	11.8	10.8	.33	2.5	08-31-84	1842.5	218.1	1.7	1.60	8.17	1283
Block Drugs Co	BLOCA	30.50	27.00	30.00	3.00	11.11	30.50	25.00	.37	.15	11.77	58.93	3.28	.34 S	10.9	16.0	10.0	8.7	1.00	3.3	11-27-84	238.2	23.9	2.3	2.41	20.68	0384
Bolar Pharm	BLR	24.63	22.75	22.88	-1.75	-7.11	32.00	17.50	-.37	.00	14.15	37.58	1.15	.13 S	13.0	46.0	19.2	20.2	.05	.2	02-10-84	25.5	4.9	4.9	.00	4.76	1283
Bristol-Myers	BMY	50.00	47.63	48.50	-1.00	-2.02	50.38	40.75	.26	.31	.07	6.13	3.00	.46 N	15.9	19.0	10.4	14.5	1.60	3.3	10-01-84	3917.0	408.0	2.4	.71	13.99	1283
Carter-Wallace	CAR	27.75	26.00	26.88	-.63	-2.27	27.88	19.38	.47	.59	.68	-7.47	2.37	1.86 S	265.7	30.0	5.7	10.5	.48	1.8	10-31-84	323.1	18.4	2.4	1.69	21.87	0384
Cooper Labs	COO	15.63	12.50	12.88	-2.75	-17.60	27.00	10.38	-1.03	-1.46	5.16	-26.70	.51	-.04 N	NC	NC	3.5	NE	.12	.9	03-12-84	232.5	8.2	1.9	4.36	13.07	1083
Forest Labs	FRX	15.50	12.13	12.75	-1.63	-11.30	32.25	11.25	.14	-2.01	3.37	-.91	.54	.02 S	3.9	50.0	14.8	24.1	.00	.0	01-14-83	19.6	2.9	8.3	.28	5.42	0384
ICN Pharm	ICN	8.88	8.25	8.63	.25	2.99	9.75	4.88	-.39	-.04	-1.60	1.41	.22	-.09 S	-32.1	42.0	5.1	45.4	.00	.0	00-00-00	37.0	1.9	4.3	.20	4.34	1183
Key Pharm	KPH	11.25	9.00	9.75	-1.38	-12.36	20.25	9.00	-.70	.95	-2.31	-51.74	.51	.18 N	40.9	71.0	14.8	15.7	.16	1.6	09-10-84	127.3	18.8	2.1	1.16	1.67	1283
Lilly Eli Co	LLY	63.25	61.75	61.88	-.13	-.20	66.13	53.00	.25	.20	.07	-9.21	6.13	.79 N	13.4	12.0	15.1	9.3	3.20	5.2	11-08-84	3033.7	457.4	1.9	1.23	28.86	1283
Lee Pharm	LPH	3.50	2.88	2.88	-.13	-4.17	3.75	2.13	.41	-2.39	2.41	-22.38	-.49	.23 N	NE	-92.0	-14.3	NE	.00	.0	00-00-00	7.0	-1.0	2.6	.41	1.53	0983
Marion Labs	MKC	42.50	39.50	39.50	-2.50	-5.95	43.25	27.25	.38	-.74	.06	-14.69	1.24	.50 Q	56.8	59.0	10.6	28.6	.40	1.0	09-12-84	226.4	24.1	2.4	.04	7.05	0684
Merck & Co	MRK	89.50	85.25	85.88	-2.75	-3.10	99.38	78.25	.18	.49	-2.02	-1.17	6.10	.52 N	8.6	7.0	13.9	13.1	3.00	3.5	08-31-84	3246.1	450.9	1.7	5.21	32.92	1283
Morton Thiokol	MTI	31.38	26.25	27.50	-.97	-3.40	31.38	19.97	-.02	-2.73	8.35	12.68	2.16	.44 Q	24.1	27.0	5.5	12.2	1.76	6.4	08-27-84	2001.5	109.8	1.5	2.94	12.50	0684
Mylan Labs	MYLN	28.13	24.63	24.63	-1.25	-4.83	35.13	8.22	.03	-1.31	-.85	27.79	.40	.32 S	94.1	107.0	12.7	37.3	.03	.1	08-01-84	36.9	4.7	5.4	.21	1.52	0384
Newport Pharm	NWPH	6.50	5.63	6.13	-.25	-3.92	8.25	2.75	.59	-.11	-.14	2.64	-.21	-.18 F	NE	9.0	-26.0	NE	.00	.0	00-00-00	7.7	-2.0	2.6	.22	.93	0484
Pfizer Inc	PFE	40.13	38.13	38.38	-1.63	-4.06	40.25	29.38	.40	.12	-1.13	-.07	2.73	.43 N	16.6	18.0	11.9	12.7	1.32	3.4	11-13-84	3750.0	447.1	2.1	3.03	13.67	1283
Reid Prov Labs	REID	3.38	2.88	3.38	.38	12.50	4.75	2.75	-.20	3.59	6.01	16.22	.12	.02 F	20.0	107.0	6.7	28.1	.04	1.2	12-10-84	13.4	.9	3.1	.03	.80	0683
Robins, AH	RAH	21.00	19.50	19.88	-.63	-3.05	23.38	12.00	.42	-.36	3.07	28.33	2.40	-.98 N	-41.3	9.0	10.3	14.3	.76	3.8	08-20-84	563.5	58.2	3.2	1.36	14.69	1283
Rorer Group	ROR	30.00	28.25	28.75	-.25	-.86	34.13	25.25	-.14	.44	-2.99	-14.69	2.02	.16 N	8.3	10.0	8.9	13.8	1.08	3.8	11-02-84	475.3	42.4	2.0	2.18	10.43	1283
Scherer RP Co	SCHC	9.50	8.75	8.88	.00	.00	18.63	8.63	-.49	.88	-4.79	-18.40	.52	-.40 Q	-44.4	-5.0	2.3	17.8	.32	3.6	09-12-84	171.7	4.0	1.9	4.83	11.14	0384
Searle, GD	SRL	59.63	56.38	56.88	-2.50	-4.21	61.50	37.50	-.14	.56	-2.77	10.15	2.39	.70 N	29.7	14.0	12.6	18.6	.52	.9	11-02-84	946.0	119.0	2.4	3.62	14.85	1283
Squibb Corp	SQB	53.00	49.63	51.38	-1.00	-1.91	53.00	37.50	.41	.60	1.01	13.09	3.31	.37 N	11.5	10.0	9.8	14.4	1.60	3.1	11-09-84	1768.9	173.3	2.4	3.86	23.24	1283
Sterling Drug	STY	29.50	26.63	26.63	-.38	-1.39	29.50	23.50	.10	-.64	2.78	-.33	2.24	.15 N	6.8	7.0	7.2	11.4	1.16	4.4	11-07-84	1901.2	136.8	2.7	1.44	14.96	1283
Syntex Corp	SYN	49.88	45.25	45.38	-3.88	-7.87	57.50	37.75	-.03	-1.12	-1.26	20.74	4.08	-.22 F	-5.1	28.0	14.7	11.1	1.60	3.5	11-02-84	916.5	134.6	2.2	3.37	18.11	0783
Thompson Med	TM	17.88	16.50	16.75	.13	.75	26.50	13.25	-.25	-.73	1.20	-36.91	1.65	.67 N	42.1	65.0	11.0	7.4	.40	2.4	09-11-84	149.4	16.5	3.2	.00	5.85	1183
Upjohn Co	UPJ	68.50	64.50	65.88	-1.13	-1.68	72.25	45.00	.72	.68	1.63	57.05	5.28	.68 N	13.6	2.0	8.1	11.6	2.56	3.9	10-01-84	1986.1	160.2	2.2	18.02	34.74	1283
Warner-Lambrt	WLA	35.75	33.38	33.38	-1.38	-3.96	36.75	27.75	.31	-.08	.01	-25.99	2.51	.49 N	21.4	1.0	6.5	12.0	1.48	4.4	11-02-84	3108.3	200.5	1.9	7.53	17.75	1283
Zenith Labs	ZENI	19.00	15.75	19.00	2.75	16.92	19.00	12.00	.14	3.40	6.67	16.62	.73	-.43 S	-45.2	56.0	7.8	36.5	.00	.0	00-00-00	32.1	2.5	4.6	1.12	5.12	1283

All data is based on sources believed to be reliable, but its accuracy is not guaranteed. Every effort will be made to correct errors, when discovered, in future issues.

Footnotes:

NA - Not Applicable
NC - Not Calculable
NE - Negative Earnings
NM - No Meaningful Figure
Q - First Quarter
S - First 6 Months
N - First 9 Months
F - Fiscal Year

Data and Table Prepared by Media General Financial Services, Inc., Richmond, Virginia 23219

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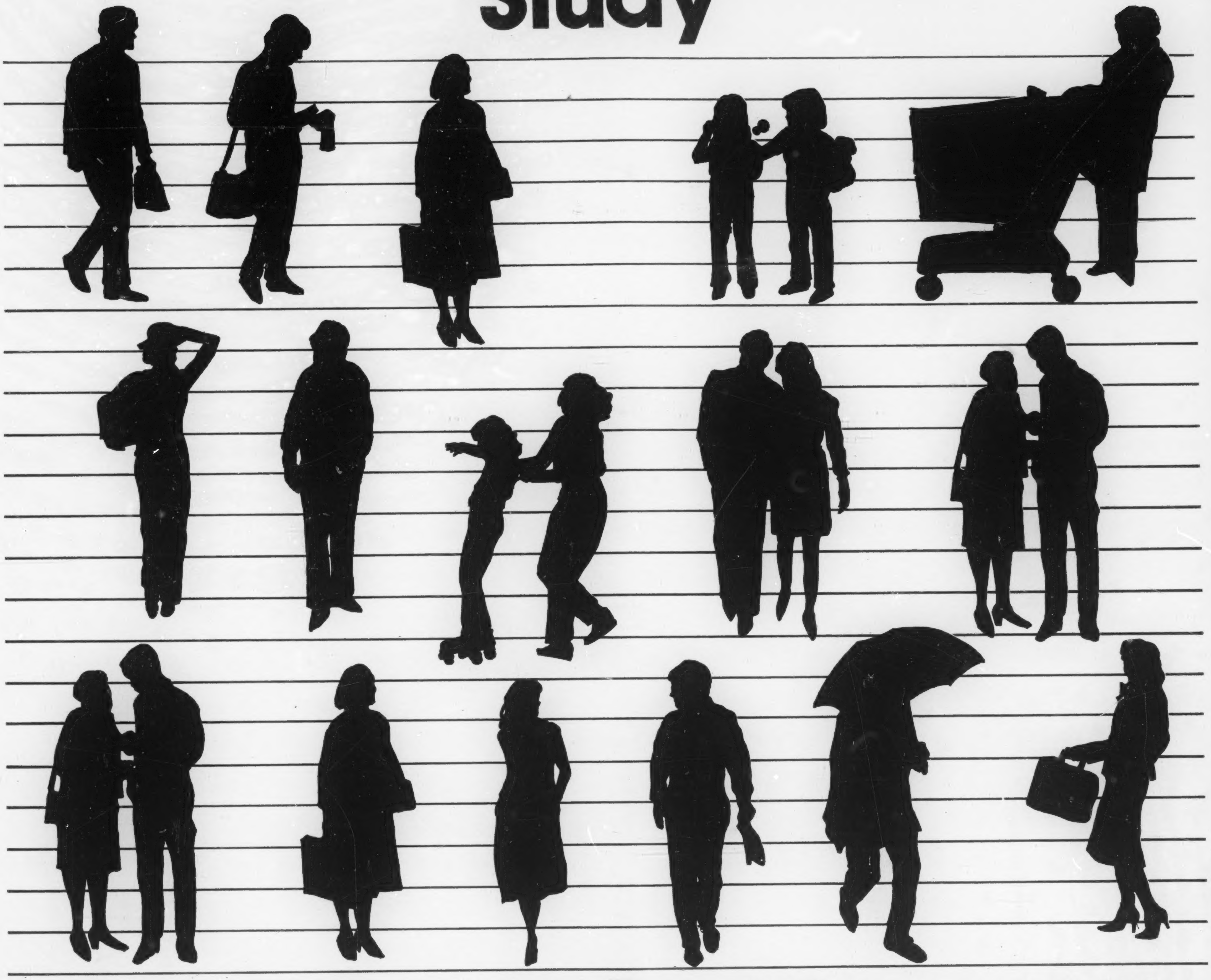
POPAI Du Pont

Drug Store Shopper Study



In-store decisions: How the retailer can cash in

In the early summer and late fall of 1983, the Point of Purchase Advertising Institute of Fort Lee, N.J., in conjunction with the Du Pont Company, sent researchers out to intercept consumers as they shopped in 258 drug stores located in 40 of the country's major metro markets.

In the course of their research, the POPAI representatives interviewed an unprecedented 12,131 consumers and recorded a total of 27,282 purchases.

The findings from these interviews, published in depth here for the first time, clearly show that the typical drug store shopper of the 80's is using his or her drug store as a place to make convenience purchases and that many of these purchases are initiated on the spur of the moment because of an attractive price, a high-traffic location, a pleasing display, a compelling sign or some other in-store variable.

With two exceptions (prescriptions and cosmetics), the products most frequently bought in drug stores are not high ticket items. They are the little treats that people tend to buy for themselves every day and on which they usually spend $1 or $2 or less.

Departments ranking the highest in frequencies of purchase are candy and gum, greeting cards, stationery, tobacco and food and beverages.

The common denominators of all of these categories, of course, are low price and high consumability. When a product is inexpensive, highly consumable, highly visible and well merchandised in a store, it is inevitably an incitor of impulse sales. For around a dollar or less, a shopper can pick up a candy bar or two, select a greeting card for a friend, buy a pack of cigarettes or treat themselves to a bag of chips and a can of soda.

These same forces, however, can't be counted on to spark purchases in the more traditional and nontraditional drug store categories like foot care or laxatives, barbecue items or jewelry.

Here a retailer can't usually count on a whim to spark a purchase. A shopper doesn't buy toothpaste or a laxative the way she buys a candy or a greeting card.

However the POPAI study does present evidence that price may be a factor in the incitement or nonincitement of these sales even though products like vitamins or cosmetics or antacids can't be considered in a ticket class with 50¢ candies and 75¢ greeting cards.

A shopper will yield to a candy bar or greeting card because it's something they decide they want right at the point that they notice it and it isn't going to cost them very much. But a shopper will yield to a vitamin or a laxative only a) if they know they're going to be able to use it, b) if the price is attractive and c) if the retailer has done something creative to draw attention to the category and its pricing.

Vitamins, for instance, are a pretty popular product in food stores. They're advertised frequently by food stores and most shoppers who buy vitamins know that the prices are good, they're competitive. You can see that many shoppers don't immediately think of drug stores when they think of buying vitamins because just 36% of all vitamin purchases in the POPAI survey were specifically planned.

To increase the incidence of purchase of this product line, the retailer has to do more to make the category attractive. One part of the equation is price.

Continued on page 12

POPAI Du Pont
Drug Store Shopper Study

Continued from page 11

The other is merchandising. A good value can't be left to just sit on a shelf where just a handful of people who enter the store will spot it.

A good value has to be merchandised. The shopper has to be romanced into desiring it.

Again you can see that drug storesaren't doing much of a romancing job with vitamins, either because only 35% of the purchases were totally unplanned. The rest were generally planned or substituted.

If the drug store retailer, like the food retailer, was pricing this category competitively and calling attention to it with shelf talkers, displays and in-store signs like food stores do, their frequencies of impulse purchases would probably be much higher.

The same argument can be made for a drug store's nontraditional categories like clocks or toasters or designer fragrances or jewelry.

The store's advertising and merchandising has to reinforce the presence of the products in the store. The products have to be visible and easy to locate. The clerks have to be available to make selling suggestions and the products should be merchandised so they stand out.

In the case of jewelry because the impulse purchase rate is so high, the price-value relationship is apparently a good one for shoppers who can find the category, but the problem seems to be that the category is virtually invisible to most shoppers.

The study strongly suggests that if a drug store retailer wants to maximize his commitment to his jewelry inventory that he either beef up its presence and visibility in the store to increase its incidence of purchase; drop it from his mix altogether to concentrate on the departments like candy, greeting cards, cosmetics, etc., that seem to fulfill their volume and profit potential, or stock the product just on an in and out basis during the appropriate seasonal times of the year.

The POPAI study also holds some clues for identifying promotional and advertising opportunities. The purchase incidence charts per 100 shoppers in our section identify how popular a category is, how often it is shopped by the customers who regularly frequent a drug store.

The popular categories, obviously, are the ones that will build traffic when they are advertised. We know it is no news to retailers that candy is such a category. One recent Walgreens ad in Florida, gave candy products 21% of the space on the front page of a four-page circular. Food, another popularly purchased category, got 33% of the space excluding candies and beverages.

Candy, as our chart indicates, generates nearly 14 purchases for every 100 shoppers who come into a drug store; foods

Continued on page 13

Highlights from the POPAI Du Pont Drug Store Shopper Study

- Some 6% of all shoppers who go into a drug store with a particular purchase in mind fail to buy anything.
- A total of 12% who go in for a specific product fail to buy the product they initially intended to purchase.
- Purchases are lost for two major reasons: The stores are out-of-stock or management fails to make the product easy to find or highly visible to the consumer.
- The 12,131 consumers interviewed in the POPAI survey purchased an average 2.27 items each.
- Fifty-seven per cent of the total 27,282 purchases were generated by a decision made within the store. This was either an unplanned sale or a substitute or a generally planned sale in which the customer knew on entering the store that he or she wanted a certain product, but hadn't decided on the brand.
- Just 39% of all purchases were totally unplanned.
- The average transaction was $7.26.
- Thirteen per cent of the 12,131 shoppers remembered seeing an ad for that particular store.
- Eleven per cent remembered seeing that store's circular.
- Seventy-eight per cent planned to shop that particular store.
- Longer shopping trips did not bring proportionately bigger purchase returns for retailers. For example, people who shopped 15 to 20 minutes averaged 1.12 purchases each. An additional 10 minutes spent in the store by other shoppers added .66 a purchase each. Another 10 minutes added only .33 of a purchase. The average time spent in the store was 13.6 minutes.
- Shoppers made an average of six trips a month to their drug stores.
- Shoppers spent an average of $43.56 per month within the drug store.

Traditional drug store categories ranked by share of total purchases

Category by rank	% share of all drug store purchases
1. Candy/gum	7.7%
2. Greeting cards	6.8
3. Stationery	6.3
4. Tobacco	6.2
5. Foods	6.0
6. Beverages	5.8
7. Hair care	5.5
8. Cosmetics	4.4
9. Prescriptions	4.2
10. Magazines/books	3.5
11. Paper products	3.5
12. Dental	3.3
13. Personal hygiene	3.3
14. Household cleaners	2.7
15. Houseware	2.3
16. Hardware	2.3
17. Skin/sun care	2.2
18. Cough/cold	2.1
19. Apparel	1.9
20. Feminine Hygiene	1.8
21. Analgesics	1.8
22. Baby needs	1.7
23. Photo	1.6
24. Shaving needs	1.3
25. Toys/sporting goods	1.3
26. First aid	1.2
27. Vitamins	1.2
28. Laxatives	1.0
29. Electrical appliances	1.0
30. Optical	0.9
31. Pet needs	0.8
32. Automotives	0.8
33. Fragrances	0.7
34. Gardening	0.6
35. Foot care	0.5
36. Other OTC's	0.5
37. Seasonals	0.4
38. Diet aids	0.3
39. Jewelry/leather goods	0.3
40. Barbecue	0.2
Total all categories	**100.0%**

Source: POPAI Du Pont Drug Store Shopper Study

Products	% share of total purchases	% share of category purchases	Purchases per 100 shoppers	Specifically planned	Store decision purchases			Unplanned	Store decision index
					Generally planned	Substitute			
						Brand	Product		
COSMETICS	**4.4%**	**100.0%**	**9.9**	**34.4%**	**14.2%**	**5.2%**	**1.7%**	**44.7%**	**66%**
Face makeup	1.3	29.0	2.9	39.0	11.1	4.5	1.4	44.0	61
Eye makeup	1.1	26.0	2.6	36.7	12.9	6.6	3.8	40.1	63
Nail products	1.6	37.0	3.7	30.0	17.7	5.5	0.7	46.2	70
Accessories	*	6.0	*	29.1	12.7	1.3	0.0	57.0	71

*Less than 0.1%
**Less than 0.1
—Not specified

How to use POPAI purchase frequency charts

On the following pages of this report, you'll find a purchase frequency chart for most of the 40 major categories and 300 subcategories analyzed in the POPAI-Du Pont survey. For purposes of explanation we'll use the cosmetics chart.

There are nine columns in the chart, each giving a piece of information that shows how well the category did in frequencies of purchase and how well the category performed in generating unplanned sales.

The first column simply summarizes how popular the category is in today's drug store. There were 27,282 purchases recorded in the POPAI survey, and this column in each chart lets you see the percentage share captured by the 40 major departments. Cosmetics, for instance, captured a 4.4% share.

The second column lets you see how the subcategories within that department did. Of all cosmetic sales, for example, 29% were generated by face makeup, 26% by eye makeup and 37% by nail products.

The third column, purchases per 100 shoppers, is a neat way of measuring sales against traffic, with 100 shoppers being a unit of traffic. This is the column that tells you what will draw best with good in-store merchandising.

The next five columns lets you get a fix on whether the consumer comes to your store with a specific purchase in mind or tends to buy on impulse either because of a whim or strong merchandising aids.

In cosmetics, for instance, only 34% of all sales are specifically planned, meaning the typical consumer knows coming into the store that she wanted a specific brand and type of makeup. Another 14% are generally planned, meaning the customer knows she wants a blush, but may mot be sure which brand or which shade.

Another 7% consist of substitute sales, meaning that the customer goes into the store with a particular purchase in mind, but somewhere along the line decides to substitute another brand or even another product. A new product or shade attractively displayed or a sharp price may be the factors.

A striking 45% of all cosmetic purchases in drug stores are completely unplanned, which shows how important it is to capture the imagination of the browsers.

The final column in our chart, the store decision index, shows the degree to which in-store variables such as displays, signing, good location or price have an impact on sales. In the case of cosmetics, 66% of all decisions are made after the shopper enters the store. That includes the 45% that are completely unplanned, plus the 21% that are either generally planned or brand and product substitutes.

A 66% in-store decision should signal to a retailer that highlighting and dramatizing the category will pay off in incremental sales, assuming, of course, that pricing is competitive.

POPAI Du Pont
Drug Store Shopper Study

Continued from page 12

generate 13 purchases for every 100 shoppers in a store.

Most drug stores today need volume before they need anything, and these highly purchased incidence categories sport the products that can get that volume.

In the last few years, drug stores have been advertising prescriptions with growing frequency, and the POPAI chart confirms that this is a logical trend. Scripts generate nearly 10 purchases for every 100 shoppers.

Just recently some chains such as Walgreens have begun advertising greeting cards. Again POPAI's charts show the logic behind the trend: the greeting card department generates 15 purchases for every 100 shoppers and cards themselves spark 10 purchases per each 100 shoppers.

As the retailer goes through the category charts on the subsequent pages of this report, he should be looking for those high purchase incidence categories to help give his advertising and promotional programs added spark.

Readers should certainly look at the purchase per 100 shoppers column for candies, scripts, greeting cards, stationery, tobacco, foods, beverages, shampoos, hair dressings, cosmetics, paper goods, toothpaste and mouthwashes, soaps and deodorants, laundry and household cleaning implements, batteries and skin care, cough/cold remedies, analgesics—particularly internal analgesics,—baby supplies, film, shaving products, toys, first aid, vitamins, antacids, automotives and fragrances.

Readers should also look carefully at the columns marked unplanned purchases and store decision rates because the percentage numbers here hold several clues to how well a drug store is doing in motivating incremental sales among shoppers already in the store.

Just as the purchase per 100 shoppers charts offer clues to products to advertise to bring shoppers into the store, the unplanned purchase and store decision columns offer clues as to how to coax multiple purchases out of consumers already in the store.

As we said before the jewelry/leather goods department may be a neglected opportunity within today's drug stores. So may seasonals and toys and gardening.

The POPAI study definitely suggests that there is almost an unbounded opportunity for the average drug store to improve sales through stronger merchandising. Out of 27,282 purchases, just 43% were specifically planned by the consumer, meaning that in just four out of every 10 purchases did the consumer plan to buy that item before they entered the drug store.

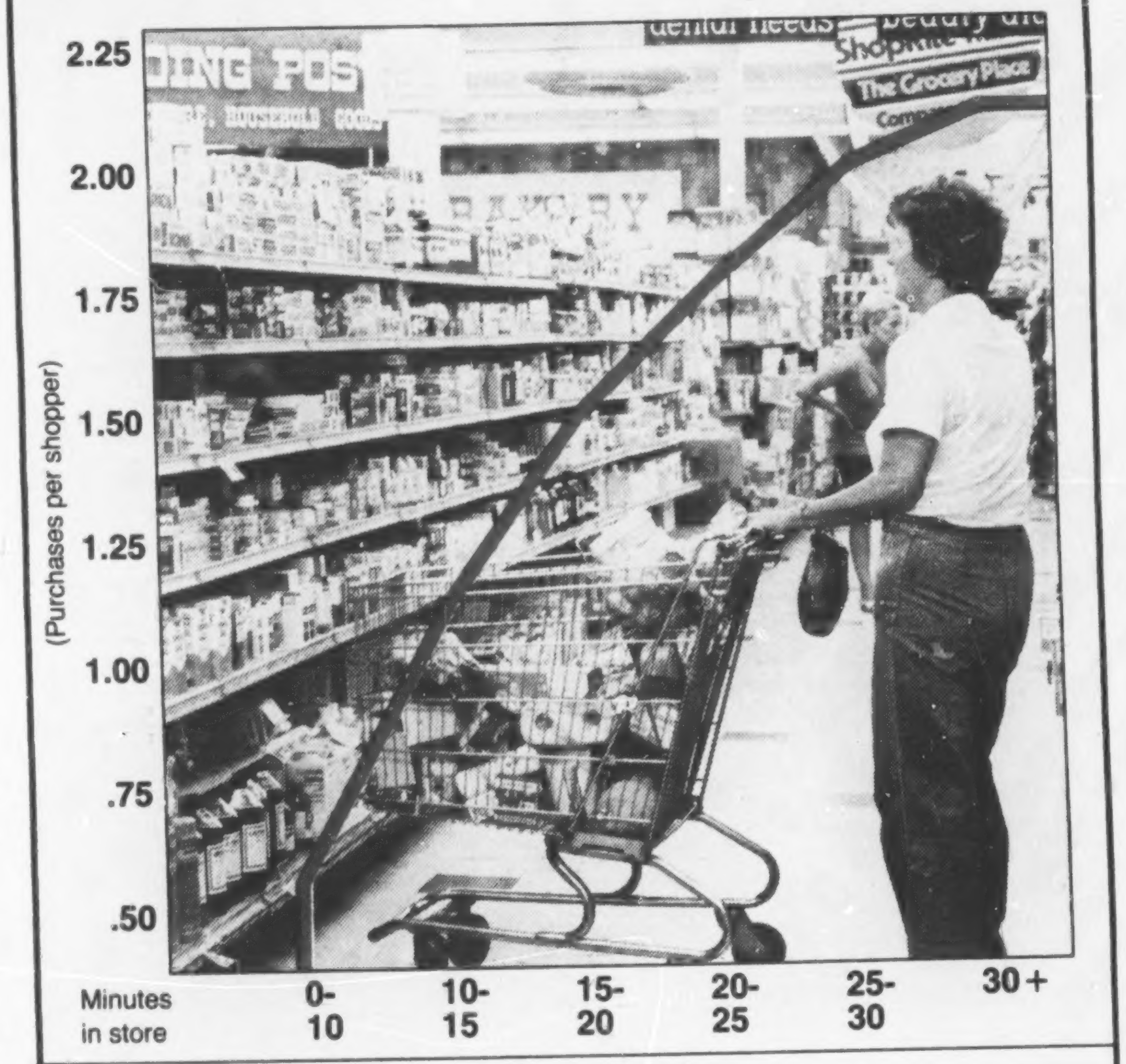
The other six out of 10 sales came from merchandising aids visible in the store. In cases where consumers in the POPAI study rated particular stores "high" on merchandising excitement, dollar volumes for those stores were 15% to 20% higher than for stores rated average in merchandising pizazz.

In 6% of the cases where a consumer had a particular planned purchase in mind, and that particular product was not available in the store or was too hard to find or too high priced, they left the store without making any purchase.

In an industry where the average drug store does less than $1 million a year and where food and discount stores are eagerly vying for drug store customers, no one can afford those missed opportunities.

"It's unfortunately true," says Howard Stumpf, president of POPAI, "that if the point-of-purchase materials in the store don't leap out at the shopper, if they don't get them to the point when they're cruising the store, then the chances are that the retailer will miss the sale. Food stores know this, and that's why you see so much merchandising activity in the aisles and on the ends."

Shopping time vs. purchases: Diminishing returns



Source: POPAI-Du Pont Drug Store Shoppers Study

Categories most affected by in-store decision making

Category by rank	% of shoppers making purchase decisions in store	Category's rank in total store purchases
1. Jewelry	83	39
2. Greeting cards	82	2
3. Seasonals	82	37
4. Candy/gum	75	1
5. Stationery	73	3
6. Toys	69	25
7. Housewares	69	15
8. Gardening	69	34
9. Cosmetics	66	8
10. Fragrances	65	33
11. Pet needs	65	31
12. Foods	64	5
13. First aid	63	26
14. Hardware	63	16
15. Vitamins	62	27
16. Household cleaners	61	14
17. Paper products	61	11
18. Automotives	59	32
19. Feminine hygiene	58	30
20. Personal hygiene	58	13
21. Shaving needs	58	24
22. Apparel	58	19
23. Hair care	57	7
24. Barbecue	56	40
25. Electrical appliances	55	29
26. Magazines/books	54	10
27. Other OTC's	54	36
28. Skin/sun care	54	17
29. Foot care	54	35
30. Dental	53	12
31. Cough/cold	52	188
32. Optical	51	30
33. Beverages	48	6
34. Diet Aids	48	38
35. Baby needs	47	22
36. Analgesics	39	21
37. Laxatives	39	28
38. Photo	39	23
39. Tobacco	31	4
40. Prescriptions	25	9

Source: POPAI Du Pont Drug Store Shopper Study

The POPAI Du Pont Drug Store Shopper Study was implemented in the early summer and late fall of 1983.

Point of Purchase Advertising Institute researchers, working with a methodology developed by the Wilmington, Del.-based Du Pont company back in the early 1930's, arranged to monitor shopper purchases in a total of 258 drug and mass-merchandiser stores with pharmacy services in 40 major metro markets.

Through the cooperation of the National Association of Chain Drug Stores and the National Association of Retail Druggists, POPAI arranged to have both chains and high volume indpendents included in the study. Among the chains which participated were Walgreens, Eckerd, Genovese, Thrifty, CVS, SupeRx, Pathmark and Sentry. Over 200 stores in the survey were chains; the rest were independents and mass-merchandisers.

With the permission of the participating chains and owners, the researchers approached shoppers as they entered the stores and asked them a series of demographic and promotional questions including what they planned to buy and whether they planned to make the purchase because of an ad, a coupon or a store circular.

A total of 12,131 consumers were interviewed over the course of the survey. As each shopper completed a shopping trip and checked out, the POPAI reseachers recorded what they had actually purchased. They also noted whether it was a planned purchase, unplanned, a substitute and whether it was associated with a coupon, an ad or a store circular.

POPAI had done a similar study of supermarket store shoppers back in 1978, and is now planning to do a follow up study in 1986 or 1987.

The drug store survey, which cost $400,000, was supported in part by contributions from major brand manufacturers. POPAI's own membership shouldered about half the cost.

Most popularly shopped drug store categories

Categories by rank	No. of purchases per 100 shoppers	% purchase decisions made in the store
1. Candy/gum	17.1	75
2. Greeting cards	15.1	82
3. Stationery	13.9	73
4. Tobacco	13.7	31
5. Foods	13.2	64
6. Beverages	12.9	48
7. Hair care	12.3	57
8. Cosmetics	9.9	66
9. Prescriptions	9.5	2
10. Magazines/books	8.0	54
11. Paper products	7.8	61
12. Dental	7.3	53
13. Personal hygiene	7.3	58
14. Household cleaners	5.9	61
15. Housewares	5.1	69
16. Hardware	5.1	63
17. Skin/sun care	5.0	54
18. Cough/cold	4.8	52
19. Apparel	4.3	58
20. Feminine Hygiene	4.0	58
21. Analgesics	3.9	39
22. Baby needs	4.0	47
23. Photo	3.5	39
24. Shaving needs	2.9	58
25. Toys/sporting goods	2.9	69
26. First aid	2.7	63
27. Vitamins	2.7	62
28. Laxatives	2.2	39
29. Electrical appliances	2.2	55
30. Optical	2.0	51
31. Pet needs	1.8	65
32. Automotives	1.8	59
33. Fragrances	1.7	65
34. Gardening	1.2	69
35. Foot care	1.1	54
36. Other OTC's	1.0	54
37. Seasonals	1.0	82
38. Diet aids	0.8	48
39. Jewelry/leather goods	0.6	83
40. Barbecue	0.5	56

Source: POPAI Du Pont Drug Store Shopper Study

POPAI Du Pont
Drug Store Shopper Study

Products	% share of total purchases	% share of category purchases	Purchases per 100 shoppers	Specifically planned	Store decision purchases			Unplanned	Store decision index
					Generally planned	Substitute			
						Brand	Product		
COSMETICS	4.4%	100.0%	9.9	34.4%	14.2%	5.2%	1.7%	44.7%	66%
Face makeup	1.3	29.0	2.9	39.0	11.1	4.5	1.4	44.0	61
Eye makeup	1.1	26.0	2.6	36.7	12.9	6.6	3.8	40.1	63
Nail products	1.6	37.0	3.7	30.0	17.7	5.5	0.7	46.2	70
Accessories	*	6.0	*	29.1	12.7	1.3	0.0	57.0	71
FRAGRANCES	0.7%	100.0%	1.7	34.8%	13.0%	2.9%	2.4%	46.9%	65%
Women's fragrances	*	64.7	1.1	34.1	13.6	3.0	2.3	47.0	66
Men's fragrances	*	35.2	0.6	36.5	10.8	2.7	2.7	47.3	64
HAIR CARE	5.5%	100.0%	12.3	43.2%	15.0%	6.6%	1.1%	34.1%	56.8%
Shampoo	2.0	30.1	3.7	51.3	12.9	7.3	0.7	27.8	48.7
Hair dressing	3.0	54.0	6.6	44.7	12.2	7.2	1.3	34.6	55.3
Other hair care products	0.9	2.1		24.1	27.7	3.6	1.2	43.5	75.9
PERSONAL HYGIENE	3.3%	100%	7.3	42.3%	10.1%	3.7%	1.1%	42.7%	57.7%
Bath soaps	1.4	44	3.2	43.1	5.7	3.7	1.3	46.2	56.9
Deodorants/antiperspirants	1.3	40	2.9	49.7	10.3	4.2	0.3	35.6	50.3
Personal hygiene appliances	—	—	—	50.0	—	—	—	50.0	50.0
Cotton balls			0.7	24.7	25.9	2.5	3.7	43.2	75.3
Bath accessories			0.4	18.8	16.7	4.1	2.1	58.3	81.2
Personal hygiene accessories			0.1	13.3	13.3	—	—	73.3	86.7
SKIN CARE/SUN CARE	2.2%	100%	5.0	46.3%	7.6%	3.7%	1.6%	40.9%	53.7%
Skin care	2.0	92	4.6	47.2	6.6	2.9	1.6	41.7	52.8
Sun care	0.2	8	0.4	35.4	18.8	12.5	2.1	31.3	64.6
SHAVING PRODUCTS	1.3%	100.0%	2.9	42.3%	12.5%	7.7%	2.6%	35.0%	57.7%
Shaving accessories	0.8	65.0	1.9	40.9	11.5	8.9	2.6	36.2	59.2
Shaving preparations	0.4	34.0	1.0	45.3	14.5	5.1	2.6	32.5	54.7

*Less than 0.1%
**Less than 0.1
—Not specified

Cosmetics

With mass merchandisers and food stores quickly gaining market share in the cosmetics category, drug chains are finding that promotions, particularly circulars and newspaper ads, are effective methods of protecting their lion's share.

Drug chains have been aggressively touting their broad selection of cosmetics, department store line of fragrances and even their trained cosmeticians in circulars and ads. According to the POPAI Du Pont study these promotions are having the desired effect with consumers using circulars in between 10% and 22% of their cosmetics and fragrance purchases.

These circulars are particularly influencial because many cosmetics are purchased on impulse and because there is a high level of in-store decisions. According to POPAI, women buying cosmetics made in-store decisions 66% of the time. Of these purchases, almost 45% were made completely on impulse.

The impact of circulars clearly can be seen in nail products, which make up 37% of the cosmetics category. According to POPAI, circulars were used in 15% of all nail polish sales and 17% of nail enamel remover sales. These figures are noteworthy considering that 70% of all nail product purchases are decided in store and that more than 46% of these are impulse sales. Only 30% of nail product purchases are specifically planned and about 18% are generally planned.

Face makeup, the second largest cosmetics subgroup, was also frequently purchased with circulars. For example, consumers used circulars in 12% of their lipstick and lipgloss purchase decisions. Newspaper ads were remembered in 11% of the purchases. The POPAI study showed that 61% of the make-up purchases were based on in-store decisions, and 44% of these were impulse

The trend was repeated in eye make-up, where consumers used circulars in 17% of their mascara purchases and 11% of their purchases of eyebrow pencils, eye liners and false lashes. Newspaper ads were remembered in 13% of the mascara purchases.

Hair care

In the hair care category, which is constantly flooded with new entries and in which there is little brand loyalty, promotions make a big difference in what shoppers buy.

Advertising is particularly important in this category because the availability of co-op dollars and the amount of national exposure can influence retailers' decisions on which new brands they carry and how much space they devote to them.

In the POPAI Du Pont study, the impact of promotion can be seen across the board in the hair care category, with store circulars, coupons and newspaper ads having a high degree of influence on shoppers.

In the shampoo category, for example, newspapers, store circulars and coupons had an impact on 35% of the purchases (newspaper ad recall 15%, instore circular 15% and coupon 5%).

A similar trend was found in hair dressing. Of all the hair sprays purchased, promotions came into play 37% of the time (recalled a newspaper ad 16%, used circular 13% and used coupon 8%).

Baby

The logic of shaving margins on high-demand baby products like diapers and formulas in order to encourage sales of higher-profit categories like baby clothing, toys, rattles and pacifiers is borne out by the findings of the POPAI Du Pont study.

The findings show a high degree of impulse for the accessory products and a high degree of preplanning for the diapers and formulas.

In fact, almost 8 out of 10 shoppers who purchased diapers or formulas came to the store specifically planning to buy those products.

In contrast, 7 out of 10 shoppers decided to buy a particular item of baby clothing or a toy only after entering the store.

Their decisions, in other words, were triggered by something in the store—in most cases, probably just the proximity of the baby accessory products to the already planned diapers or formulas.

Other baby need products that had a higher degree of instore decision making included cotton swabs (64%), baby wipes (69%), oils and lotions (56%) and powder (58%).

Products	% share of total purchases	% share of category purchases	Purchases per 100 shoppers	Specifically planned	Store decision purchases			Unplanned	Store decision index
					Generally planned	Substitute			
						Brand	Product		
FEMININE HYGIENE/ CONTRACEPTIVES	1.8%	100.0%	4.0	42.15%	5.58%	6.82%	1.65%	43.80%	57.85%
Feminine hygiene	1.6	92.0	3.7	41.33	6.00	7.11	1.56	44.00	58.67
Contraceptives	0.1	7.5	0.3	52.94	—	2.94	2.94	41.18	47.06
BABY NEEDS	1.7%	100.0%	4.0	52.5%	8.2%	6.5%	—	32.8%	47.5%
Supplies & equipment	0.9	55.0	2.2	57.1	9.0	7.8	—	26.1	42.9
Medicaments	0.2	15.0	0.6	43.2	10.8	9.5	—	36.5	56.8
Formulas	**	.01	0.4	78.0	2.0	4.0	—	16.0	22.0
Baby toys/rattles/pacifiers	0.2	12.0	0.5	30.7	8.1	1.6	—	59.7	69.4
Baby clothing	0.08	5.0	0.2	31.8	4.6	—	—	63.6	68.2

*Less than 0.1%
**Less than 0.1
—Not specified

POPAI Du Pont
Drug Store Shopper Study

Products	% share of total purchases	% share of category purchases	Purchases per 100 shoppers	Specifically planned	Store decision purchases			Unplanned	Store decision index
					Generally planned	Substitute			
						Brand	Product		
ANALGESICS	**1.8%**	**100.0%**	**3.9**	**61.5%**	**6.0%**	**5.2%**	**2.3%**	**25.0%**	**39%**
External analgesics	*	7.7	0.3	51.4	8.1	5.4	2.7	32.4	49
Internal analgesics	1.6	92.3	3.6	62.4	5.9	5.2	2.3	24.2	38
Aspirin compounds	*	48.7	1.9	60.8	7.3	6.5	1.7	23.8	39
Nonaspirin	*	35.9	1.4	64.7	3.5	2.9	3.5	25.4	35
COUGH/COLD REMEDIES	**2.1%**	**100.0%**	**4.8**	**47.4%**	**12.1%**	**6.2%**	**2.7%**	**31.3%**	**52%**
Cough drops/lozenges/gum	*	27.0	1.3	31.3	9.8	4.3	4.3	50.3	69
Cold/sinus/allergy remedies	*	39.0	1.9	55.8	15.2	7.8	1.7	19.5	44
Cough syrups/other liquids	*	18.7	0.9	47.8	10.6	7.1	2.7	31.9	52
Nasal sprays/drops	*	8.3	*	50.9	9.4	5.7	3.8	30.2	49
FIRST AID/HOME HEALTH CARE	**1.2%**	**100.0%**	**2.7**	**36.9%**	**26.0%**	**5.4%**	**1.2%**	**30.5%**	**63%**
OPTICAL	**0.9%**	**100.0%**	**2.0**	**49.8%**	**19.1%**	**8.7%**	**0.8%**	**21.6%**	**50%**
Contact lens solutions	*	*	*	55.0	14.5	13.0	0.8	16.8	45
Eye lotions/washes	*	*	*	56.9	11.8	3.9	0.0	27.5	43
Sunglasses	*	*	*	19.4	45.2	6.5	0.0	29.0	81
PRESCRIPTIONS	**4.2%**	**100.0%**	**9.5**	**97.5%**	—	—	—	**2.5%**	**2.5%**
LAXATIVES & DIGESTIVE AIDS	**1.0%**	**100.0%**	**2.2**	**60.5%**	**4.1%**	**2.6%**	**0.7%**	**32.1%**	**39%**
Laxatives	*	27.0	0.6	60.8	5.4	2.7	0.0	31.1	39
Antacids	*	68.2	1.5	60.7	7.3	2.8	0.6	33.7	39
DIET AIDS	**0.3%**	**100.0%**	**0.8**	**52.5%**	**4.0%**	**3.0%**	**2.0%**	**38.6%**	**48%**
Powder/liquid protein	*	13	0.1	53.9	0.0	0.0	7.7	38.5	46
Reducing preps	*	50	0.4	44.0	6.0	4.0	2.0	44.0	56
Synthetic sweeteners	*	37	0.3	62.2	2.7	2.7	0.0	32.4	38
FOOT CARE	**0.5%**	**100.0%**	**1.1**	**46.8%**	**8.0%**	**2.9%**	**1.5%**	**41.3%**	**54%**
VITAMINS/SUPPLEMENTS	**1.2%**	**100%**	**2.7**	**38.0%**	**19.3%**	**4.6%**	**2.2%**	**35.9%**	**62%**
Vitamins	1.0	85	2.3	36.4	20.4	5.3	2.1	35.7	64
Minerals	*	11	*	47.4	13.2	0.0	2.6	36.8	53

*Less than 0.1%
**Less than 0.1
—Not specified

Analgesics

When it comes to analgesics, most drug store shoppers know what they want and make sure they get it.

According to the POPAI Du Pont shopper study, more than 6 out of 10 analgesic purchases were specifically planned, while only 25% were made on impulse.

The study also showed that coupon use is relatively high in the analgesic category, especially for aspirin compounds (11% of the purchases involved a coupon) and non-aspirin products (13%). In addition, in 19% of the aspirin and 15% of the non-aspirin purchases, shoppers relied on a store circular. Newspapers also came into play in aspirin purchases (22% recalled seeing an ad for the product) and non-aspirin purchases (16%).

More than 9 out of 10 (92.3%) of the aspirin purchases were for internal products; the rest, for external. Aspirin products claimed a 49% share of the total category and non-aspirin items 36%.

Dental

While 6 out of 10 toothpaste purchases (57%) are specifically planned, according to the POPAI Du Pont study, the category is highly influenced by promotional activity.

The study showed that consumers recalled newspaper ads for 22% of their toothpaste purchases, used an in-store circular for another 17% and turned in a coupon for 11%. That adds up to a total promotional influence factor of 50%.

That's important because the total dental products category generates a healthy 7.3 purchases per 100 shoppers, indicating that it's a better traffic draw than most other categories.

Moreover, a toothpaste purchase is often the trigger for companion sales of other dental products that are more susceptible to impulse than toothpaste, according to the study. For example, sales of mouthwashes/breath fresheners were specifically planned by 4 of 10 shoppers and brushes/floss by only 3 of 10 shoppers.

The impact of promotions was also evident in mouthwash sales. For example, consumers recalled a newspaper ad for 14% of the mouthwash purchases, used an in-store circular for 14% and handed in a coupon for 12%.

Cough

Since cold, sinus and allergy remedies are among the most heavily promoted drug store items, it stands to reason that they were the top subgroup in the cough/cold category, with 39% of sales.

The POPAI Du Pont study also confirmed that most shoppers buy cold remedies on an as-needed basis. It found that over 70% of those purchases were either specifically or generally planned, and only 19% were bought entirely on impulse.

Once inside the store, however, shoppers changed their minds and bought a different brand or product about 10% of the time.

As expected, cough drops, lozenges and gum purchases were made primarily on impulse, with more than half choosing to buy such a product without any plan in mind before entering the store. Only 31% of those purchases were specifically planned.

Products	% share of total purchases	% share of category purchases	Purchases per 100 shoppers	Specifically planned	Store decision purchases			Unplanned	Store decision index
					Generally planned	Substitute			
						Brand	Product		
OTHER OTC'S	**0.50%**	**100.0%**	**1.0**	**46.21%**	**16.67%**	**5.30%**	**2.27%**	**29.55%**	**53.79%**
Hemorrhoidal preps	0.10	0.2	0.2	54.55	4.55	4.55	—	36.36	45.45
Motion sickness preps	—	—	—	83.33	—	—	—	16.67	16.67
Hydrocortisones/anti-itch preps	0.10	0.2	0.2	24.00	32.00	20.00	8.00	16.00	76.00
Sleeping aids	**	0.1	0.1	46.15	23.08	—	—	30.77	53.85
Ointments, salves & lubricants	0.15	0.3	0.3	52.94	17.65	—	2.94	26.47	47.06
Antinausea preps	—	—	—	50.00	50.00	—	—	—	50.00
Stimulants	—	—	—	25.00	—	—	—	75.00	75.00
Medication/N-S/other	0.1	0.2	0.2	46.15	11.54	3.85	—	38.46	53.85
DENTAL PRODUCTS	**3.3%**	**100.0%**	**7.3**	**47.5%**	**7.7%**	**5.5%**	**0.8%**	**38.6%**	**53%**
Toothpaste/powder	1.6	48.0	3.5	57.4	3.9	7.2	0.5	31.0	43
Mouthwash/fresheners	*	23.0	1.7	39.5	2.9	3.4	0.5	53.7	60
Brushes/floss	*	19.0	1.4	30.8	18.9	3.6	1.2	45.6	69
Denture care	*	8.2	*	52.2	11.6	5.8	1.5	29.0	48

*Less than 0.1%
**Less than 0.1
—Not specified

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POPAI Du Pont
Drug Store Shopper Study

Products	% share of total purchases	% share of category purchases	Purchases per 100 shoppers	Specifically planned	Store decision purchases			Unplanned	Store decision index
					Generally planned	Substitute			
						Brand	Product		
HOUSEWARES	**2.3%**	**100.0%**	**5.1**	**31.1%**	**16.8%**	**1.3%**	**0.8%**	**50.1%**	**68.9%**
Glass/dishware/cookware	0.3	13.7	0.7	26.7	21.1	1.1	2.2	48.9	73.3
Mops, brooms, brushes	0.1	3.9	0.2	28.6	9.5	—	—	61.9	71.4
Trash cans	—	—	—	33.3	11.1	—	—	55.6	66.7
Towels & washcloths	0.1	3.9	0.2	16.1	16.1	—	—	67.7	83.9
Kitchen gadgets & utensils	0.5	22.0	1.1	26.4	13.2	—	1.6	58.9	73.6
Shoe polish/shoe care	0.1	5.9	0.3	31.4	20.0	—	—	48.6	68.6
Mirrors	0.1	3.9	0.2	25.0	25.0	—	—	50.0	75.0
Furniture/shelving stands	*	2.0	0.1	36.4	18.3	—	9.1	36.4	63.6
Yarn/sewing notions	0.3	13.7	0.7	37.8	12.2	4.9	—	45.1	62.2
Scales	—	—	—	50.0	—	—	—	50.0	50.0
Baskets	—	—	—	37.5	—	—	—	62.5	62.5
Hampers	0.1	3.9	0.2	53.3	16.7	—	—	30.0	46.7
Vacuum cleaners, equip. supplies	*	2.0	0.1	50.0	7.1	14.3	—	28.6	50.0
Other	0.5	23.0	1.2	30.8	21.7	0.7	—	46.9	69.2

*Less than 0.1%
**Less than 0.1
—Not specified

Housewares

Drug retailers who have placed a greater emphasis on housewares and household chemicals can take heart from the POPAI Du Pont Drug Store Shopper Study findings that placed both categories in the top 15 in terms of percentage share of all drug store purchases.

The housewares category—including glass/dishware/cookware; mops, brooms and brushes; kitchen gadgets and utensils, and yarn/sewing notions—produced 5.1 purchases for every 100 shoppers.

Pacing the category were kitchen gadgets, which accounted for 22% of the category purchase, glassware/dishware/cookware—13.7%, and yarn/sewing notions—13.7%.

Despite the houseware category's relatively strong showing, consumers rarely form the decision to purchase a housewares product before entering the store. Only 31% of the purchases were specifically planned. Moreover, the store decision index, which tracks the incidence of consumers making or altering purchasing decisions in the store, was 68.9%.

Of those purchases that were specifically planned, a significant percentage were influenced by either newspaper ads or store circulars.

As in the case of the housewares category, the study revealed a high level of impulse purchases in the household cleaning aids category. Only 38.5% of the purchases in this category were specifically planned.

Among the category leaders with the highest degree of impulse purchases were kitchen/bathroom products, laundry products and air fresheners/deodorizers. The highest incidence of impulse purchases were recorded in the air freshener/deodorizer category, which were unplanned in 63% of the cases.

More than other categories, the paper goods category is heavily influenced by advertising and promotion.

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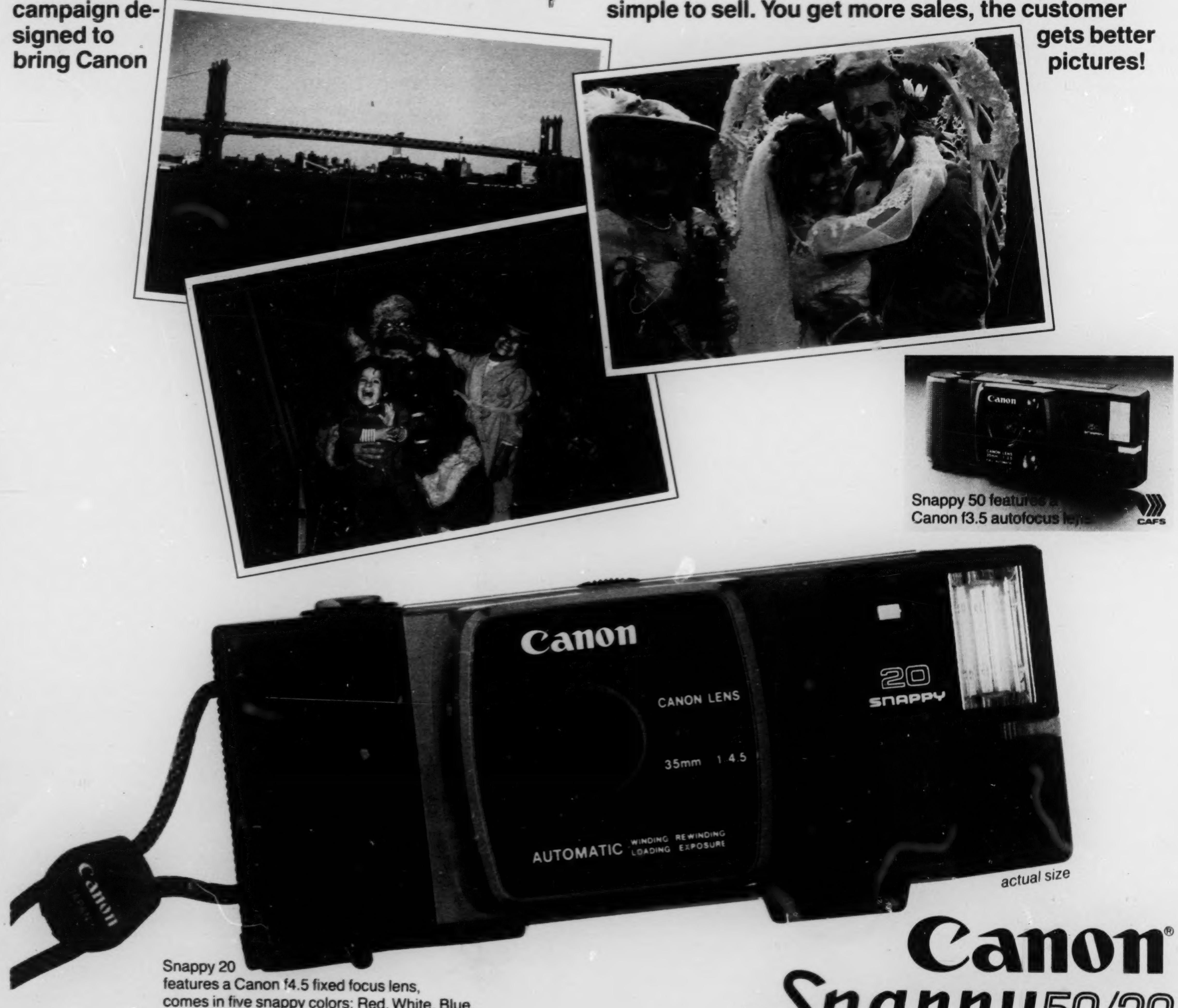

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POPAI Du Pont
Drug Store Shopper Study

Products	% share of total purchases	% share of category purchases	Purchases per 100 shoppers	Specifically planned	Store decision purchases			Unplanned	Store decision index
					Generally planned	Substitute			
						Brand	Product		
PHOTO PRODUCTS	**1.6%**	**100.0%**	**3.5**	**60.7%**	**10.2%**	**3.3%**	**0.9%**	**24.9%**	**39.3%**
Film	0.8	51.0	1.8	72.9	4.1	4.5	0.9	17.7	27.2
Photo finishing	0.4	23.0	0.8	77.3	7.2	1.0	1.0	13.4	22.7
Flash supplies	0.1	8.5	0.3	39.4	9.1	6.1	—	45.5	60.6
Cameras	—	—	—	25.0	25.0	25.0	—	25.0	75.0
Other photo equipment/accessories	0.3	17.0	0.6	14.7	32.0	—	1.3	52.0	85.3
TOYS/SPORTING GOODS	**1.3%**	**100.0%**	**2.9**	**30.9%**	**13.9%**	**1.1%**	**1.1%**	**53.0%**	**69.1%**
Sporting goods	0.1	10.3	0.3	15.6	37.5	—	—	46.9	84.4
Toys	0.1	90	2.6	32.0	11.6	1.3	1.3	53.9	68.0

*Less than 0.1%
**Less than 0.1
—Not specified

Photo

When a consumer purchases an item in the photo department of a drug store, more often than not that store visit and subsequent purchase was planned in advance.

According to the POPAI Du Pont study 3.5 purchases were made in a drug store photo department for every 100 shoppers, which represents a 1.6% share of total purchases.

Unlike many other traditional drug store categories, consumers shop a drug store photo department with a specific purchase in mind. The study revealed that the store decision index, a measurement of the incidence of consumers making or altering a purchasing decision in a store, was a low 39% in cases where photo purchases were made.

Not surprising, photo processing is one area of the drug store photo department where consumers have, in large part, already decided to make the purchase. Of the photo-finishing purchases made, the percentage of consumers who specifically planned to drop a roll of film off for processing was 77.3%. Only 13.4% of the purchases were unplanned.

The POPAI study did reveal, however, that flash supplies and photo accessories and equipment are frequently impulse purchases.

Toys

Eye-catching toy and sporting goods displays can have a significant impact on consumer purchases, which are generally unplanned in this category.

According to the POPAI Du Pont study, 53% of the toy and sporting goods purchases were unplanned. Moreover, the category registered a store decision index of nearly 70%, indicating a strong tendency on the part of the consumer to make or alter buying decisions in the store.

While toys are generally accepted as impulse items, the study revealed a surprising number of specifically planned purchases in this category as well. Of all toys purchased, the study found that 32% were specifically planned, 11.6% were generally planned and nearly 54% were unplanned.

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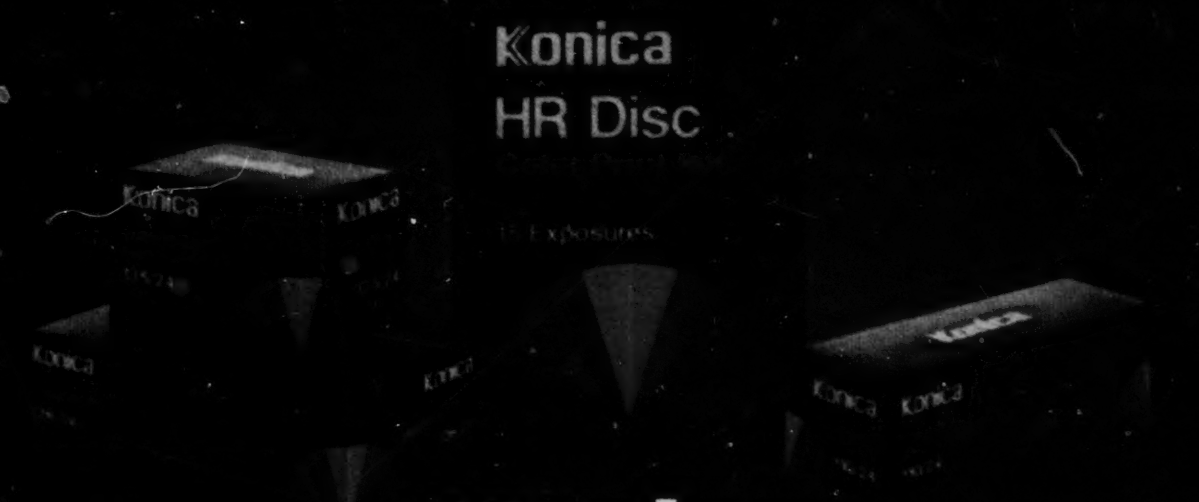

Konica
GREAT PICTURES COME OUT OF THE BLUE

POPAI Du Pont Drug Store Shopper Study

Products	% share of total purchases	% share of category purchases	Purchases per 100 shoppers	Specifically planned	Store decision purchases: Generally planned	Store decision purchases: Substitute: Brand	Store decision purchases: Substitute: Product	Unplanned	Store decision index
TOBACCO PRODUCTS/ ACCESSORIES	**6.2%**	**100.0%**	**13.9**	**68.8%**	**1.3%**	**2.6%**	**1.0%**	**26.3%**	**31%**
Cigars/cigarettes/tobacco	5.7	92.0	12.8	71.6	0.8	2.4	1.0	24.2	28
Cigarettes	5.0	81.0	11.3	71.5	0.4	2.2	1.0	25.0	28
Cigars	*	7.0	0.9	69.9	4.4	4.4	0.9	20.4	30
Tobacco, snuff, chewing tobacco	*	3.0	0.4	74.5	6.4	4.3	2.1	12.8	26
Pipe tobacco	*	1.0	0.2	78.3	0.0	4.4	0.0	17.4	22
SMOKING ACCESSORIES	*	8.0	1.1	35.2	6.3	4.7	1.6	52.3	65

*Less than 0.1%
**Less than 0.1
—Not specified

Tobacco

Rarely do so many consumers enter a drug store knowing exactly what they want to purchase as in the case of tobacco products.

Tobacco products generated nearly 14 purchases for every 100 consumers, according to the POPAI Du Pont Drug Store Shopper Study. Only candy/gum, stationery and greeting cards had a better track record than tabacco in terms of the number of purchases.

And while a category such as candy/gum requires special merchandising techniques to snare the impulse buyer, drug retailers need only put the tobacco product out where the consumer can easily purchase the product, and the store will ring up the sale.

Cigarettes delivered the highest number of purchases for every 100 shoppers by a wide margin in the tabacco products category. For every 100 consumer purchases made in a drug store, 11 cigarette purchases were realized. Moreover, more than 70% of those purchases were specifically planned.

The key to selling tobacco in drug stores, it would seem, is to make the department easily recognizable and to provide consumers with the ability to purchase a pack of cigarettes as quickly as possible.

While few consumer purchases of cigarettes and cigars are unplanned, there is a high degree of impulse sales with respect to tobacco accessories, the POPAI study revealed.

The incidence of unplanned purchases with items such as lighters and pipe accessories was well over 50%.

Newspaper ads, store circulars and coupons also had more of an impact in the tobacco accessories category than with items such as pipe tobacco, cigarettes and cigars.

Products	% share of total purchases	% share of category purchases	Purchases per 100 shoppers	Specifically planned	Store decision purchases: Generally planned	Store decision purchases: Substitute: Brand	Store decision purchases: Substitute: Product	Unplanned	Store decision index
CARDS/SPECIAL OCCASION/ NOVELTIES/LOTTERY	**6.8%**	**100.0%**	**15.1**	**17.57%**	**41.46%**	**1.19%**	**0.76%**	**39.03%**	**82.43%**
Greeting cards	4.3	63.6	9.6	16.64	47.24	1.21	0.78	34.14	83.36
Gift wrap materials	1.6	23.2	3.5	8.90	50.00	1.40	0.50	49.20	91.10
Party supplies	0.1	2.0	0.3	27.50	20.00	—	2.50	50.00	72.50
Candles	0.3	4.0	0.6	12.70	31.65	1.27	1.27	53.16	87.34
Novelties	0.3	4.0	0.6	27.03	12.16	1.35	1.35	58.11	72.97
Stamps	0.1	2.0	0.3	76.47	17.65	—	—	5.88	23.53
Lottery tickets	0.5	0.7	0.1	52.94	—	—	—	47.06	47.06
Money orders	0.5	0.7	0.1	92.86	—	—	—	7.14	7.14
STATIONERY/SCHOOL & OFFICE	**6.3%**	**100%**	**13.9**	**26.6%**	**26.2%**	**1.8%**	**1.2%**	**44.2%**	**73.4%**
Writing implements	1.3	20	2.8	26.9	25.4	2.1	0.6	45.1	73.1
Writing paper	2.4	39	5.4	28.2	26.7	1.8	1.8	41.5	71.8
Art supplies	0.1	2	0.4	47.9	16.7	—	2.1	33.3	52.1
Other school & off. suppl.	2.4	39	5.5	23.3	26.8	1.7	0.9	47.3	76.7
MAGAZINES/BOOKS	**3.5%**	**100%**	**8.0**	**46.1%**	**7.2%**	**2.6%**	**0.4%**	**43.7%**	**53.9%**
Magazines	1.4	41	3.3	30.8	9.7	4.2	0.7	54.6	69.2
Newspapers	1.2	35	2.8	74.1	1.2	1.2	—	23.6	26.0
Children's books/coloring books	0.3	9	0.7	32.5	12.5	1.3	1.3	52.5	67.5
Paperbacks	0.4	14	1.1	29.9	12.4	1.5	—	56.2	70.1
Hard-cover books	—	—	—	20.0	—	20.0	—	60.0	80.0

*Less than 0.1%
**Less than 0.1
—Not specified

Stationery

Efforts by drug retailers to expand greeting cards and stationery presentations paid dividends as both categories placed second and third, respectively, in the percentage share of all drug store purchases, according to the POPAI Du Pont study.

The greeting cards category—defined as cards, special-occasion items, novelties and lottery tickets—generated 15.1 purchases for every 100 drug store shoppers. That translated to a 6.8% share of total purchases, second only to candy/gum, which posted a 7.7% share of total purchases.

Stationery, which the POPAI Du Pont study described as including stationery, school and office supplies, accounted for 13.9 purchases for every 100 shoppers. Overall, the stationery category represented a 6.3% share of total purchases.

Books and magazines, a related category, also turned in a strong performance, placing 10th in the category list of percentage share of all purchases with a 3.5% of total purchases. A total of eight purchases of books and magazines were made for every 100 shoppers in drug stores.

A closer look at the greeting cards and stationery categories revealed that the purchases were either generally or specifically planned in more than 50% of the cases.

Overall, the purchases made from greeting cards departments were either generally planned or specifically planned in nearly [illegible]5% of the cases. This high degree of planned purchases in the greeting cards category supports the recent moves by many drug chains to relocate departments to the front end of the store, thus making it easier for customers to locate the department and get in and out of the store as quickly as possible.

Similarly, peripheral greeting card categories such as gift wraps and party supplies also followed a pattern of planned purchases, although the incidence of impulse purchases of these items was considerably higher. Other items that are generally merchandised along with greeting cards such as candles and novelties are for the most part impulse items. Of the purchases of candles and novelties, 53% and 58%, respectively, were unplanned.

In addition to greeting cards, many drug retailers have attempted to increase the visibility of their stationery, school and home office sections. And, as in the case of greeting cards, retailers have largely been rewarded by their moves.

By expanding the stationery department and upgrading the overall merchandise mix, retailers have been able to take advantage of the generally planned purchasing patterns of consumers who buy items such as writing instruments and writing paper and home office supplies.

The POPAI Du Pont study revealed that of the purchases of writing implements, which accounted for 20% of the total category purchases, nearly 53% of the consumers had either generally planned or specifically planned to make the purchase.

Of the purchases in the writing paper segment, which includes writing tablets, pads, boxed stationery, typing paper and envelopes, approximately 55% of the purchases were either specifically or generally planned.

The findings from the POPAI study also indicate that sales in the stationery category are significantly influenced by advertising and promotion. In 36% of the cases where a writing paper product was purchased, consumers reported that they either recalled a newspaper ad or used a store circular. And in an average of 46% of the cases where a writing instrument was purchased, consumers who were surveyed said they recalled a newspaper ad or used a store circular.

With the exception of newspapers, which are usually planned purchases, the books and magazines category generally follows a pattern of impulse purchases. Of the magazines purchased, 54.6% were completely unplanned.

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POPAI Du Pont
Drug Store Shopper Study

Products	% share of total purchases	% share of category purchases	Purchases per 100 shoppers	Specifically planned	Store decision purchases			Unplanned	Store decision index
					Generally planned	Substitute			
						Brand	Product		
CANDY/GUM	**7.7%**	**100%**	**17.1**	**24.6%**	**7.9%**	**2.2%**	**1.6%**	**63.8%**	**75.4%**
CANDY	6.0	79	13.6	24.0	8.3	2.1	1.2	64.4	76.0
Bars/small boxes	—	51	8.7	24.7	8.1	2.3	1.1	63.8	75.4
Hard roll candy	—	5	0.9	23.2	3.7	3.7	0.9	68.5	76.9
Bagged candy	—	11	1.9	24.2	8.7	2.2	1.3	63.6	75.8
Bagged bars	—	*	**	37.5	12.5	6.3	0.0	43.8	62.5
Boxed candy	—	*	**	31.3	10.5	1.5	0.0	56.7	68.7
Seasonal	—	*	**	14.6	12.2	0.0	0.0	73.2	85.4
Other/N.S.	—	*	**	16.7	10.6	0.0	2.3	70.5	83.3
CHEWING GUM	1.7	21	3.7	26.6	6.1	2.7	3.2	61.4	73.4
Regular	—	10	1.7	30.1	4.8	3.8	1.9	59.3	69.9
Sugarless	—	5	0.8	26.0	5.2	1.0	0.0	67.7	74.0
Bubble gum	—	6	1.0	20.8	9.2	2.3	7.7	60.0	79.2
Sugarless bubble	—	*	**	37.5	0.0	0.0	0.0	62.5	62.5
FOODS	**6.0%**	**100.0%**	**13.2**	**36.26%**	**10.13%**	**2.01%**	**1.16%**	**50.43%**	**63.74%**
Snack Foods	8.5	51.0	6.7	31.98	9.10	1.60	1.35	55.97	68.02
Cereals/breakfast	0.1	1.5	0.2	20.00	10.00	5.00	—	65.00	80.00
Italian foods	0.1	1.5	0.2	18.18	—	—	4.55	77.27	81.82
Canned & jarred fruit	0.1	1.5	0.2	45.83	—	—	—	54.17	54.17
Canned & jarred meat/fish	0.2	3.0	0.4	37.50	4.17	2.08	2.08	54.17	62.50
Canned & jarred vegetables	0.1	2.3	0.3	39.39	12.12	3.03	3.03	42.42	60.61
Condiments	0.1	1.5	0.2	30.77	15.38	—	—	53.85	69.23
Dairy products	1.3	21.2	2.8	48.97	15.93	4.13	0.88	30.09	51.03
Frozen foods	0.1	2.3	0.3	27.03	13.51	—	—	59.46	72.97
Baked goods	0.3	4.5	0.6	37.97	11.39	1.27	2.53	46.84	62.03
Jams, jellies, spreads, syrups	0.1	2.3	0.3	36.11	5.56	—	—	58.33	63.89
BEVERAGES	**5.8%**	**100.0%**	**12.9**	**51.61%**	**7.27%**	**4.05%**	**2.47%**	**34.60%**	**48.39%**
Regular soft drinks	2.3	39.5	5.1	55.22	5.14	3.37	2.25	34.03	44.78
Diet soft drinks	0.8	14.0	1.8	45.70	4.98	6.33	4.52	38.46	54.30
Beer	0.9	17.0	2.2	61.13	9.06	5.66	2.26	21.89	38.87
Wine	0.5	8.5	1.1	47.69	11.54	1.54	1.54	37.69	52.31
Liquor	0.6	10.1	1.3	57.69	15.38	3.85	0.64	22.44	42.31
Fruit juices/mixes	0.3	5.4	0.7	27.27	5.68	2.27	4.55	60.23	72.73
Coffee	0.1	1.5	0.2	26.67	3.33	6.67	—	63.33	73.33
Tea	0.5	0.8	0.1	8.33	—	8.33	8.33	75.00	91.67
PET FOODS & SUPPLIES	**0.8%**	**100.0%**	**1.8**	**35.11%**	**11.56%**	**3.56%**	**1.33%**	**48.44%**	**64.89%**
Pet Food	0.5	66.7	1.2	43.36	5.59	3.50	1.40	46.15	56.64
Supplies	0.3	39.0	0.7	20.73	21.95	3.66	1.22	52.44	79.27

*Less than 0.1%
**Less than 0.1
—Not specified

Candy
Foods
Beverages

When consumers purchase candy, food or beverage items in a drug store, they are likely swayed into making those purchasing decisions by high-traffic merchandising, sharp pricing or some combination of the two.

Collectively, candy/gum, beverages and food items accounted for 43.2 purchases for every 100 shoppers, according to the 1983 POPAI Du Pont Drug Store Shopper Study. However, of those purchases, only 37.4% were specifically planned.

Not surprisingly, candy, which is generally merchandised in high-traffic areas of drug stores, including many checkstand locations, registered the highest degree of unplanned purchases. Of the 17.1 candy/gum purchases made by every 100 shoppers, 63.4% were unplanned impulse purchases.

Within the candy category, smaller-sized items such as bars, rolls and small boxes and bags were most frequently purchased without prior planning on the part of the shopper. However, higher-ticket candy items and bulk-packed candy products were less of an impulse buy, according to the study. In addition, a high percentage of consumers who purchased items such as boxed candy and seasonal candy either used a store circular or recalled a newspaper ad.

Chewing gum, like individual candy bars and bags, was also more frequently purchased on impulse. Of the total chewing gum purchases, which accounted for a 21% share of the category purchases, 61.4% were unplanned.

The POPAI Du Pont study revealed that many food purchases in drug stores are unplanned. The study said that of the 13.2 purchases for every 100 shoppers, 50.4% were unplanned.

Snack foods and cereals and breakfast foods were among the most frequently purchased impulse items. Snack foods, which accounted for 51% of the category purchases, were actually planned purchases in only 32% of the cases.

The POPAI Du Pont findings would also seem to indicate that consumers perceive a savings in many food items carried in drug stores. In fact, in some food categories such as dairy products (primarily milk); canned and jarred meats, fish and fruits, and jams, jellies, spreads and syrups, the percentage of planned purchases was surprisingly high. In the case of dairy products, which represented 21% of the food category purchases, nearly 65% of the purchases were either generally planned or specifically planned.

Advertising, whether in the form of newspaper ROP ads or through in-store circulars, played a major role in several of the planned food purchases. Of those purchases of canned and jarred vegetables, meats and fruits, the percentage of consumers recalling either a newspaper ad or store circular promoting the product was significantly higher than other food items.

Of the three categories, candy/gum, food and beverages, the latter recorded the highest incidence of planned purchases. With the exception of fruit juices/mixes, coffee and tea, which tended to be impulse purchases, the majority of other beverage categories were more frequently either generally or specifically planned purchases.

The alcoholic beverages were the leaders in terms of planned purchases. Liquor, which accounted for a 10.1% share of the beverage category purchases, were either generally or specifically planned in nearly 75% of the cases. Beer, which represented 17% of the category purchases, were planned purchases in nearly 70% of the instances.

Wine more closely followed the patterns of soft drinks, which tended to be both planned and impulse. Of the total wine purchases, approximately 58% were generally or specifically planned and nearly 38% were picked up on impulse in the stores.

Soft drinks, including regular and diet beverages, accounted for more than 50% of the share of category purchases and tended to be impulse buys in approximately 36% of the cases. The study revealed that soft drinks were either generally or specifically planned 55% of the time.

Pet food

In the pet foods and supplies department, food drives the volume and supplies generates the margins, according to the POPAI Du Pont shoppers study.

Of the total department purchases, almost 2 out of 3 were rung up in the pet foods category and the remainder in pet supplies. The lower margin food category, the study showed, had a lower degree of in-store decision making (65% of the purchases) than the higher-margin supplies (80% of the purchases).

Cat food generated almost half (48%) of the total pet food purchases, with dog food coming in second (38%).

POPAI Du Pont Drug Store Shopper Study

Products	% share of total purchases	% share of category purchases	Purchases per 100 shoppers	Specifically planned	Store decision purchases			Unplanned	Store decision index
					Generally planned	Substitute			
						Brand	Product		
JEWELRY/LEATHER GOODS	**0.3%**	**100.0%**	**0.6**	**16.88%**	**27.27%**	**—%**	**—%**	**55.84%**	**83.12%**
Jewelry	0.2	83.0	0.5	20.34	25.42	—	—	54.24	79.66
Leather Goods	**	17.0	0.1	5.88	29.41	—	—	64.71	94.12
Jewel Cases/Music Boxes	—	—	—	—	100.00	—	—	—	100.00
APPAREL	**1.9%**	**100.0%**	**4.3**	**42.45%**	**14.34%**	**2.87%**	**1.72%**	**38.62%**	**57.55%**
Men's hosiery	**	2.3	0.1	50.00	—	—	—	50.00	50.00
Women's hosiery	1.3	67.4	2.9	48.73	14.16	4.25	1.13	31.73	51.27
Shirts	**	2.3	0.1	—	—	—	—	100.00	100.00
Hats	—	—	—	33.33	11.11	—	—	55.56	66.67
Shoes/shoe laces	**	9.3	0.4	34.00	26.00	—	4.00	36.00	66.00
Jackets	—	—	—	—	—	—	—	100.00	100.00

*Less than 0.1%
**Less than 0.1
—Not specified

Jewelry Apparel

Drug retailers who position jewelry and leather goods in high-traffic areas of their store are more likely to benefit from stronger impulse sales.

According to the POPAI Du Pont Drug Store Shopper Study, less than 17% of the jewelry and leather goods purchases were specifically planned. Of those consumers who purchased a jewelry product, 54% bought on impulse. The degree of impulse purchases for leather goods was even higher. Nearly 65% of the leather goods purchases were unplanned.

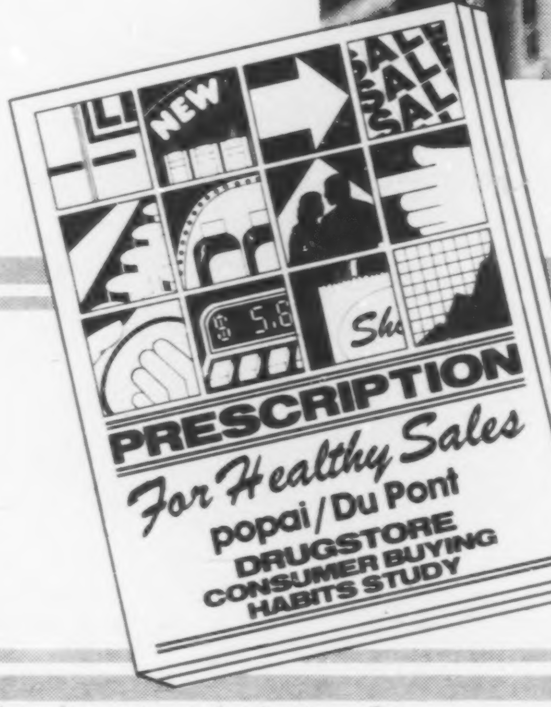
Both jewelry and leather registered a high store decision index. The percentage of jewelry purchasing decisions that were either made or altered in the store was nearly 80%. The store decision index for leather goods was 94%.

Unlike jewelry and leather goods, apparel purchases in drug stores were more frequently specifically planned, according to the POPAI study. Of the 4.3 purchases per 100 shoppers involving apparel goods, nearly 57% of the purchases were either generally or specifically planned.

Women's hosiery, which accounted for more than 67% of the apparel category purchases, generated the highest level of planned purchases. Of the 2.9 purchases of women's hosiery, nearly 50% was specifically planned while nearly 15% was generally planned.

Assuming the high degree of planned purchase in the women's hosiery category and the high incidence of impulse purchases in the jewelry and leather goods categories, one potentially strong location for a highly visible jewelry/leather goods display would be the women's hosiery department.

Classified ads in *Drug Store News* get results!



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- How does age, income, household size, sex and shopping frequency affect final purchasing decisions?
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POPAI Du Pont
Drug Store Shopper Study

Products	% share of total purchases	% share of category purchases	Purchases per 100 shoppers	Specifically planned	Store decision purchases			Unplanned	Store decision index
					Generally planned	Substitute			
						Brand	Product		
AUTOMOTIVE	0.8%	100.0%	1.8	41.20%	19.44%	6.02%	0.46%	32.87%	58.80%

*Less than 0.1%
**Less than 0.1
—Not specified

Auto

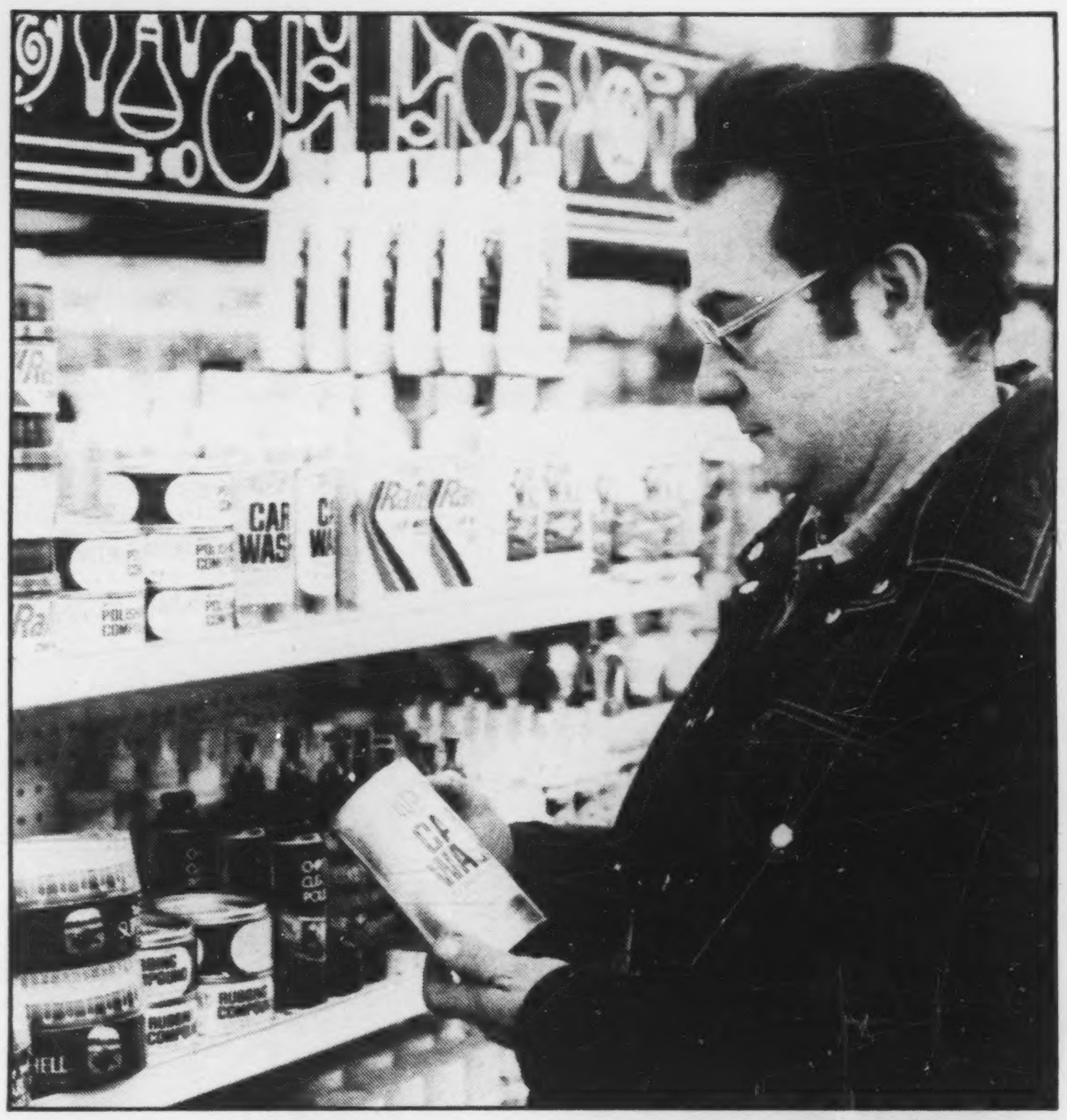
Both the automotive and hardware categories are driven more by specific planned need than by impulse appeal, according to findings from the POPAI Du Pont study.

Collectively, the automotive and hardware categories generated nearly seven purchases for every 100 shoppers. However, the incidence of unplanned purchases was lower than most other drug store categories. Of those products purchased from the automotive category, nearly 33% were unplanned. The percentage of hardware impulse sales for every 100 purchases was 35%.

There was a high degree of brand substitution within the automotive category, which includes motor oil, waxes and polishes, gasoline and oil additives and miscellaneous gadgets. Of those consumers who purchased auto products, 6% substituted brand.

Hardware products were also frequently substituted at the point of purchase. Of those hardware products purchased for every 100 shoppers, more than 5% substituted brand. Overall, the store decision index in the hardware category was 63%, indicating a high level of in-store decision-making.

The leading products in the hardware category by percentage share of purchases were batteries, which accounted for 51% of the category purchases. According to the study, there were nearly three battery purchases for every 100 shoppers. Of those purchases, 41% were specifically planned, 21% generally planned and 29% were unplanned.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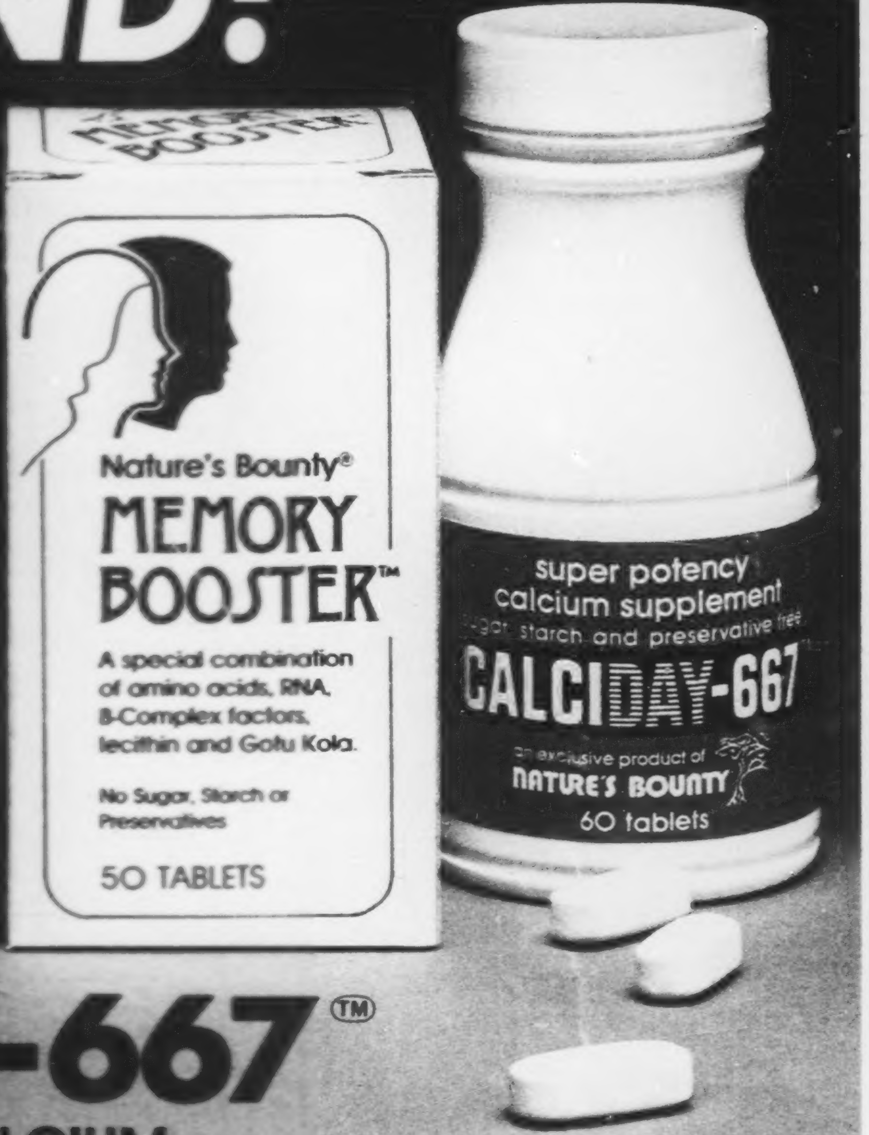
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POPAI Du Pont
Drug Store Shopper Study

Electrical appliances

Advertising and promotion are key factors in a consumer's decision to purchase a consumer electronics product in a drug store, according to the POPAI Du Pont shopper survey.

In nearly every one of the electronics and household appliance products categories from which purchases were made an overwhelming percentage of the consumers had their buying decisions influenced by coupons, newspaper ads and/or store circulars.

Of those purchases involving watchs and clocks, consumers reported seeing a newspaper ad for the item in 62% of the cases. Thirty-one per cent said they used a store circular and nearly 16% used a coupon.

Sales of calculators, a popular drug store item, also were heavily influenced by promotion. The incidence of consumers who purchased calculators recalling a newspaper ad for the item was 72%. Thirty-six per cent indicated that they used a store circular.

With purchases involving radios and stereos, the percentage of consumers who recalled being exposed to some form of advertising for the item was even greater. Eighty per cent of those consumers purchasing radios said they recalled a newspaper ad for the product, 30% saw the item featured in a store circular and 15% used a coupon in their purchase.

Because of the apparent impact of advertising involving a consumer electronics product or household appliance on the decision to purchase that product, the incidence of impulse buying in this category is substantially lower than most other drug store categories. Higher price points for consumer electronics, it should also be pointed out, would help account for the lower level of impulse buying in this category.

Of those purchases involving electrical or household appliances or supplies, only 30% of the consumers indicated that the purchase was unplanned.

Seasonal

While seasonal departments generate both specifically planned purchases and impulse sales in drug stores, the overwhelming majority of consumers make the final buying decision regarding seasonal products in the store.

For the most part, seasonal items are either generally or specifically planned. Consumers who purchase items such as gardening tools and hoses, fireplace logs, and pesticides usually follow a planned purchase pattern.

However, once in the store it is clear that consumers are prone to change their minds both with respect to brands and products. For instance: gardening tools and hoses and insecticides and pesticides are frequently planned purchases. Of those purchases involving hoses or tools, nearly 70% were either generally or specifically planned. Similarly, of those purchases of pesticides and insecticides, nearly 60% were either generally or specifically planned. But both categories had a store decision index of nearly 70%.

One can assume that consumers are frequently unfamiliar with seasonal items even though they know they want a certain product. This may be due in part to low brand recognition with products in the seasonal category.

Among the products most likely purchased on an impulse basis, the POPAI study indicated, are live plants, shrubs and flowers. Of those products purchased, nearly 70% were unplanned.

Conversely, products such as plant food, fertilizer and grass seed are planned purchases. Of the products purchased in that category, more than 70% were either generally or specifically planned.

Products	% share of total purchases	% share of category purchases	Purchases per 100 shoppers	Specifically planned	Store decision purchases			Unplanned	Store decision index
					Generally planned	Substitute			
						Brand	Product		
ELECTRICAL HOUSEHOLD APPLIANCES AND SUPPLIES	**1.00%**	**100.0%**	**2.2**	**45.0%**	**20.5%**	**1.9%**	**2.6%**	**30.1%**	**55.0%**
Household appliances	0.32	32.0	0.7	47.1	25.3	2.3	2.3	23.0	52.9
Clocks and watches	0.27	27.0	0.6	46.7	18.7	1.3	5.3	28.0	53.3
Computation equipment	0.05	5.0	0.1	43.8	6.3	6.3	—	43.8	56.3
Radio/stereos	0.18	18.0	0.4	47.1	21.6	—	2.0	29.4	53.0
TV/accessories	—	—	—	50.0	50.0	—	—	—	50.0
Telephones and accessories	—	—	—	66.7	—	—	—	33.3	33.3
Electrical supplies	0.09	9.0	0.2	26.7	16.7	3.3	—	53.3	73.3
SEASONAL/DECORATIVE ITEMS	**0.40%**	**100.0%**	**1.00**	**18.40%**	**16.00%**	**—%**	**0.8%**	**64.80%**	**81.6%**
Christmas	0.36	89.0	0.9	18.92	14.41	—	0.9	65.77	81.0
Halloween	0.03	7.0	0.07	100.00	—	—	—	—	—
Summer/winter	0.02	4.0	0.04	20.00	—	—	—	80.00	80.0
Other	—	—	—	—	50.00	—	—	50.00	100.0
GARDENING SUPPLIES & EQUIPMENT	**0.6%**	**100.0%**	**1.2**	**31.13%**	**25.83%**	**1.32%**	**3.97%**	**37.75%**	**68.87%**
Tools/hoses, etc.	1.0	16.7	0.2	31.03	37.93	—	—	31.03	68.97
Grass seed, fertilizer, plant food	0.5	8.3	0.1	64.29	7.14	7.14	7.14	14.29	35.71
Plant & vegetable seeds	0.5	8.3	0.1	—	—	—	—	100.00	100.00
Plants, flowers (artificial)	—	—	—	13.33	26.67	—	6.67	53.33	86.67
Plants, shrubs, flowers (live)	—	—	—	11.11	22.22	—	—	66.67	88.89
Rots, potting soil	1.0	16.7	0.2	23.81	19.05	—	9.52	47.62	76.19
Pesticides/insecticides	2.5	41.7	0.5	32.79	27.87	1.64	3.28	34.43	67.21
Equipment w/wheels	—	—	—	100.00	—	—	—	—	—
PAPER PRODUCTS	**3.5%**	**100%**	**7.8**	**39.1%**	**12.4%**	**2.8%**	**0.9%**	**44.8%**	**60.9%**
Paper products	2.7	77	6.0	39.8	12.2	3.3	0.8	43.8	60.2
Wraps & bags	0.8	23	1.8	36.6	12.8	1.3	1.3	48.0	63.4
HOUSEHOLD CLEANING AIDS	**2.7%**	**100.0%**	**5.9**	**38.5%**	**8.2%**	**1.9%**	**1.0%**	**50.4%**	**61.5%**
Laundry products	0.9	32.2	1.9	45.9	6.1	2.6	1.3	44.1	54.2
Cleaning implements	0.3	12.0	0.7	35.8	12.4	2.5	—	49.4	64.2
Kitchen/bathroom	0.8	29.0	1.7	40.4	5.8	1.4	1.4	51.0	59.6
Air fresheners/deodorizers	0.3	10.2		22.9	12.9	—	1.4	62.9	77.1
Glass/furniture care	0.2	8.4	0.5	29.3	12.1	1.7	—	56.9	70.7
All purpose cleaners/disinfectants	0.5	6.8	0.4	39.1	4.4	2.2	—	54.4	60.9
Floor wax/rug care	—	—	0.2	33.3	16.7	4.2	—	45.8	66.7
Other cleaning needs	—	—	—	25.0	12.5	—	—	62.5	75.0
HARDWARE	**2.30%**	**100.0%**	**5.1**	**37.48%**	**29.52%**	**5.17%**	**1.62%**	**35.22%**	**62.52%**
Batteries	1.20	51.0	2.6	40.95	21.27	7.62	1.59	28.57	59.05
Paint & supplies	0.01	4.0	0.2	21.43	32.14	10.71	—	35.71	78.57
Other	1.00	45.0	2.3	35.14	18.48	1.81	1.81	42.75	64.86
BARBECUE/PATIO SUPPLIES/EQUIP.	**0.2%**	**100.0%**	**0.5**	**—**	**—**	**—**	**—**	**—**	**—**
Barbecue	**	48.0	0.2	56.67%	6.67%	—	3.33%	33.33%	43.3%
Patio/picnic	**	26.0	0.1	25.0	37.5	—	—	37.5	75.0

*Less than 0.1%
**Less than 0.1
—Not specified

PHARMACY

Valium 5mg stays on top of tranquilizer market; Ativan a distant second

NEW YORK — Roche Laboratories continues to dominate the tranquilizer market thanks in large part to the success of Valium 5mg.

According to research done by Decision Data, North Arlington, Tex., Valium 5mg heads the list of the 25 top-selling tranquilizers with a 17% market share, leaving its closest competitor, Wyeth's Ativan 1mg, almost 10 percentage points behind.

But Valium may be headed for trouble. Since 1978, Valium 5mg has lost 15% market share. Because it comes off patent next year, its top position in the tranquilizer market may be in jeopardy.

While Roche's four products in the top 25 list grabbed a 28% share of the market, Wyeth Laboratories, also represented in the top 25 with four products, was only able to muster a 12% share.

Unlike Valium, Wyeth's leading tranquilizer, the second-ranking Ativan 1mg, has made strong inroads since 1978. Ativan 1mg has risen five percentage points in market share since 1978 and has held at 7% since 1983.

Other manufacturers of tranquilizers whose products made it into the top 25 listing include, in descending order, Upjohn, Abbot, Roerig, Sandoz, Parke-Davis and Pfizer.

Upjohn's Xanax Tablets, introduced in 1982, enjoyed the biggest percentage gain by almost doubling its 1983 market share. In 1983 Xanax 0.5mg had a 2.6% market share compared to 4.28% in 1984. This year Xanax 0.5mg ranked fifth, up three positions from 1983.

The lesser strength, Xanax 0.25mg, rose 1.2 percentage points in market share, from a 1.3% share in 1983 to a 2.48% in 1984.

As a result of its Xanax success, Upjohn ranked third in total tranquilizers sold in 1984, up from seventh place in 1983.

There was one new addition and one deletion from this year's list of the 25 best-selling tranquilizers. Mellaril Tablets 100mg, by Sandoz, did not make the list this year,

Although retail margins for tranquilizers fell almost two percentage points over the past year, the average profit dollars reported on total tranquilizer sales was up 60¢.

The top selling tranquilizers

Product	Manufacturer	% Retail market share 6/83	% Retail market share 6/84	Avg. # per Rx	Average price 6/83	Average price 6/84	% Retail* margin 6/83	% Retail* margin 6/84
Valium 5mg	Roche	18.90	17.29	54	$11.86	$13.59	25.00	22.30
Ativan 1mg	Wyeth	6.50	6.60	50	13.54	14.76	29.00	28.40
Valium 10mg	Roche	4.80	4.60	53	18.84	22.01	22.00	18.90
Tranxene 7.5mg	Abbott	4.50	4.38	52	13.81	15.55	28.00	26.20
Xanax 0.5mg	Upjohn	2.60	4.28	52	13.89	16.21	30.00	27.70
Valium 2mg	Roche	3.90	3.81	56	8.99	13.17	35.00	29.80
Tranxene 3.75mg	Abbott	2.40	2.55	53	11.59	13.05	33.00	30.40
Xanax 0.25mg	Upjohn	1.30	2.48	50	11.09	12.95	34.00	32.20
Librium 10mg	Roche	2.80	2.30	60	11.45	12.89	28.00	25.90
Meprobamate 400mg	Generic**	2.60	0.83	76	4.32	4.97	77.00	76.30
Ativan 2mg	Wyeth	2.00	2.09	53	19.82	21.68	22.00	21.90
Atarax 25mg	Roerig	2.20	1.85	39	14.04	16.05	28.00	25.10
Chlordiazepoxide 10mg	Generic**	1.80	0.15	83	4.54	7.00	79.00	88.80
Mellaril 25mg	Sandoz	2.30	1.83	67	16.75	17.18	24.00	25.00
Serax 15mg	Wyeth	1.70	1.63	58	14.44	15.74	27.00	26.10

*Per cent retail margins are based on average wholesale prices.
**Includes prescriptions filled with other than nationally promoted brands of meprobamate or chlordiazepoxide.

New Rx book ready Jan. 1

WASHINGTON — The 21st revision of the *United States Pharmacopeia* and the 16th edition of the *National Formulary* have been published and are ready for distribution. Both will become official Jan. 1, and have been combined into a single volume.

The *Pharmacopeia* contains 2,716 monographs on drug substances and dosage forms and the *Formulary* includes 250 monographs on inactive agents known as pharmaceutic ingredients.

New features of the *Pharmacopeia* include 400 antibiotic monographs, a section on bacterial endotoxins and pyrogens, a chapter on biological indicators and sterility, an increased number of dissolution and bioavailability studies, a new monograph on human insulin and a new chapter on uniformity of dosage units.

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Dorcol. PEDIATRIC FORMULA Children's NON-ASPIRIN Fever & Pain Reducer 4 FL.OZ.
Dorcol. PEDIATRIC FORMULA Children's Liquid Calcium 4 FL.OZ.

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Special Report: Chain execs' forecast for 1985—p. 33

Merchandiser: Video cassette sales grow, margins lag—p. 23

Pharmacy: F.D.A. chief kills plan for 3rd class of drugs—p. 47

DRUG STORE NEWS®

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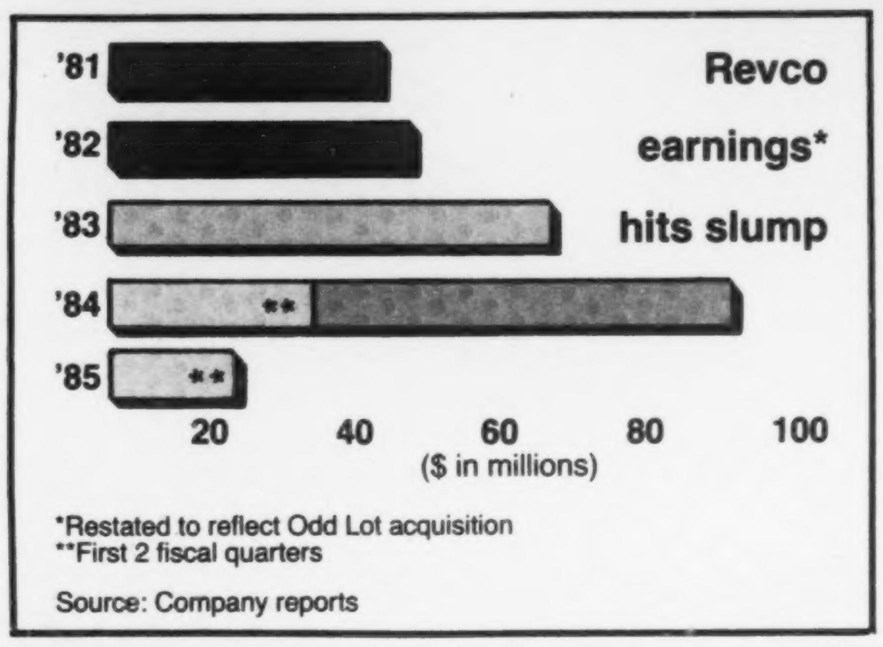
Odd Lot's woes depress Revco earnings



*Restated to reflect Odd Lot acquisition
**First 2 fiscal quarters

Source: Company reports

By Jim Ricchiuti

TWINSBURG, Ohio — Revco D.S.'s patience with its rebellious Odd Lot subsidiary may finally have run out.

Although Revco's drug store division is suffering from a variety of maladies, including lagging same-store sales, deteriorating pharmacy gross margins and soft front-end volume, company officials are clearly pointing the finger at Odd Lot for the chain's 43% drop in second quarter earnings.

Revco posted earnings of $10.4 million for the quarter ended Nov. 17, compared with $18.3 million (restated to reflect the Odd Lot acquisition) in the second quarter of 1983. Sales for the quarter were up 10% to $527 million from $480.5 million in 1983.

While conceding that pretax profits, excluding Odd Lot, were "well below" last year's, Revco chairman and ceo Sidney Dworkin said "an even steeper decline in profits was caused by the poor performance of Odd Lot." Odd Lot's second-quarter contribution amounted to a new loss of 5¢ per share, compared with a gain of 12¢ a share during the same period last year.

With second-quarter sales at Odd Lot's wholesale division, Tangible Industries, down 25% and retail same-store sales down 5%, there are indications that Revco is considering a major shake-up in its close-out merchandise subsidiary.

Carroll Hudson, Revco's executive vp and cfo, said the Odd Lot situation "has to be resolved." He added that a "continuation of losses would certainly

Continued on page 63

Eckerd invests $9M in Calif. home centers

CLEARWATER, Fla. — The Jack Eckerd Corporation has added a new dimension to its diversification plans.

The company has invested $9 million for a 15% interest in HomeClub, a California-based warehouse home center chain. This deal is part of a private equity placement that reached a total of $30 million, and represented 50% of HomeClub shares outstanding.

Stewart Turley, chairman and president of Jack Eckerd Corp., will take a seat on HomeClub's five-member board.

Why is Eckerd diversifying into the home center membership club business? Susan Schmierer, a financial analyst with the L. F. Rothschild company, speculates that the chain may simply be testing the waters for future considerations. "Sometimes you have to be a small part of an industry to be able to find out how it works," she said.

HomeClub, a membership wholesale buying group, currently has six locations, five in California and one in Las Vegas. Claiming to be "America's Do-It-Yourself Warehouse," it features brand-name home improvement products in a no-frills warehouse-type setting with stores ranging in size from 75,000 to 100,000 sq. ft. Gross margins are in the low 20's.

Twenty per cent of the business comes from contractors, and the rest from do-it-yourself customers.

Although it is a deep-discount, membership-only chain, it differs from the rest of that genre in that it is also open to the general public who must pay a 5% surcharge as a nonmember.

Continued on page 63

New Medi Mart design a winner

A striking mirrored store facade helps convey the upscale image in Medi Mart's award-winning Short Hills, N.J., store. The five-month-old store is the subject of a photo feature on page 8.

E NEWS....LATE NEWS....LATE NE

WILLIAM E. WOOD, vp and general manager at Wellby Super Drug, left the chain earlier this month to pursue other interests. Hannaford Bros., the parent company of the 30-unit drug chain, has named Robert E. Dunton, former vp of retail operations with the supermarket division, to succeed Wood.

BERGEN BRUNSWIG reported that net earnings for the first quarter ended Nov. 30 increased 19% to $6.2 million from $5.2 million in the comparable year-earlier period.

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See page 4.

Peoples to taste burger market

Will open 2 Hardees franchises

ALEXANDRIA, Va. — Peoples Drug is going into the fast-food business.

The nation's 10th largest drug chain is taking advantage of its sisterly relationship to the Hardee's fast-food company to test the franchising of Hardee's hamburger restaurants in select locations.

Peoples first two "experimental" franchised units will open next month in locations that were formerly parts of two large oversized drug stores. In College Park, Md., and Bellview, Va., Peoples has apportioned between 3,500 and 4,000 sq. ft. from two stores that were originally more than 15,000 sq. ft.

In both cases, an extra wall has been built to separate the Hardee's units from the drug stores. The restaurants will have separate management from the Peoples stores, but the managers will report to Ray Orndorff, Peoples director of retail food operations.

If the concept is a success, Peoples will ultimately replace most of its remaining 70 or so fountain service departments with Hardee's units. In time, Peoples may also begin opening regular freestanding Hardee's units just as if it was a conventional franchisee.

The project, which could be a boon to both Peoples and

Continued on page 63

Sentry Drug diversifies with Ways & Means

BIRMINGHAM, Mich. — Sentry Drug Stores and the Ways & Means Company, a distributor of specialty hard goods merchandise, have jointly opened a new 5,000-sq.-ft. store here.

The store, called Sentry Ways & Means, features a unique collection of more than 1,100 items—selected specifically to help people perform everyday tasks more easily.

Included in the extensive merchandise mix are kitchen accessories, gardening implements, housewares, flatware, electronics, personal care appliances, home furnishings

Continued on page 63

Toy category adds sparkle to holiday sales

By Faye Brookman

NEW YORK — Sparked by a dynamic resurgence in the toy category, Christmas sales for the nation's drug store retailers increased over those of last year's robust selling season. Retailers' spirits were dampened, however, by the reluctance of consumers to dig deep into their pockets for higher-ticket gift items.

The net result for drug chains was a "good but not great" Yule season. Same-store sales increased only 8% to 10% over 1983, instead of the 12% to 15% retailers had targeted. Plus, overall sales peaked at 12% to 15% and the increases were produced thanks to the extra two selling days sandwiched into the Yule season. Without those extra selling hours, chains would have registered sales gains of only 5% over 1983.

Sluggish Christmas sales were actually the culmination of a trend that started last summer. Even the day after Thanksgiving, according to Paine Webber, did not produce the volume drug chains had anticipated.

"The zip just isn't there," complained Genovese Drug's Don Gross about the shopping days just prior to Christmas. "We're not seeing the pent-up demand witnessed last year."

Gross, along with representatives of chains including Fay's, Begley, Walgreens, Revco, People's and Harco, feared that softer sales, coupled with promotional markdowns needed to clean our heavy inventories, could trickle down to the bottom line.

Many pointed out that they enacted last-minute belt-tightening measures to avert any earnings problems, while others took solace in the fact that even department stores were forced to drastically cut prices to boost volume. For the first time in its history, for example, Bloomingdale's was forced to run a huge three-day sale before Christmas.

Many retailers blame the anemic sales on customers shying away from high-ticket goods. Bob Begley, president and chairman of Begley, termed this year's shopper as having a "casual attitude. We know there is disposable income out there, but we just didn't see aggressive buying."

Added Fay's president Dan Herrmann, "We just didn't see the movement of items like TVs, microwaves or electronics."

And on top of cautious consumer buying patterns, drug chains complained about the sheer number of retailers now competing for the same shopper.

"There's more retail square footage than ever and they're all selling the same thing," Begley lamented.

The competition didn't only come from other retail segments, but drug chains, too. Most major

Continued on page 64

News in brief

May's opens H&BA store

TULSA, Okla. — May's Drug Stores Inc. has opened its first H&BA store in the Woodlawn Hills Mall here. This 3,200-sq.-ft. store differs from other May's outlets in that it does not have a pharmacy and doesn't sell greeting cards. It does carry a limited amount of general merchandise.

Walgreens promotes Platek

DEERFIELD, Ill. — Walgreen Co. has promoted Gary T. Platek to the position of buyer for its electronics division. Platek will be responsible for purchasing audio and video tapes, batteries, clocks, computers, typewriters, electronic games, watches and videotapes for rentals. Platek, who joined Walgreens in 1977, had been assistant buyer-purchasing and merchandise coordinator.

Perry's health unit opens

PONTIAC, Mich. — Perry Drug held a grand opening ceremony last month for its new home health care unit, Flint Medical and Surgical Supply. The chain acquired the store as part of the recent acquisition of Cook Drug.

Corella to ADAP

SHIREMANSTOWN, Pa. — Rite Aid Corp. has shifted Frank Corella, the former vp, merchandising, at SupeRx, from the company's drug store divison to its ADAP auto parts chain.

Execs appointed at Revco

TWINSBURG, Ohio — Revco D.S. has realigned its financial division with four new executive appointments. Harold Bardon, formerly vp and controller, has been named vp-finance. Wilbur Smith, who was previously treasurer, was appointed vp-financial planning and treasurer. In addition, David Stitt, formerly assistant corporate controller, has been promoted to controller. Lawrence Hylkema, most recently director of accounting, assumes the duties of assistant controller.

Index

Classified 62
Financial 7
Merchandiser 23
Pharmacy 47
Pharmacy product update 60
Special report: Forecast study 33

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Vol. 7, No. 1 January 7, 1985

Pantry Pride proxy fight appears thwarted by vote

FORT LAUDERDALE, Fla. — Shareholders attending Pantry Pride's annual meeting here last month have apparently voted in favor of the current management team, ending temporarily a bid by dissidents to gain control of the supermarket chain and specialty retailer.

Pantry Pride, which last month acquired Adams Drug, said that a preliminary count of votes from the Dec. 7 annual meeting indicates that the company's board of directors, led by Grant C. Gentry, chairman and ceo, has been reelected. The food and drug retailer, whose other holdings include Devon Stores, said its slate of directors received nearly 61% of the shares voted.

The dissident group, led by Dwight Devon, the son of the late Philip Devon, who founded the Devon hard goods chain; Howard Gittis, a Philadelphia attorney, and Patrick Rooney, chairman of the New York investment firm the Rooney Pace Group, received only 10.7 million votes of the 27.2 million cast. The Devon family controls approximately 10.4% of Pantry Pride's outstanding stock as a result of the sale of the 89-store chain to Pantry Pride last year.

At issue during the openly bitter proxy fight has been the slumping performance of Pantry Pride. The dissidents contend that the company stock is undervalued. Moreover, they charged that the company's top execs are earning salaries that do not reflect Pantry Pride's poor earnings. Gentry, a prime target of the dissidents, earned $520,000 in salary and bonuses during fiscal 1984.

Although the dissidents have vowed to continue the battle to unseat the Pantry Pride management, analysts who have followed the proxy fight say it is doubtful they will be successful following their defeat at the annual meeting.

Medicare-Glaser to install POS in test at 13 full-line drug stores

ST. LOUIS — Medicare-Glaser is installing electronic point-of-sale cash registers in all of its conventional full-line drug stores and launching a test to determine if upgrading the system to scanning could be economically justified.

Medicare-Glaser's president, Harlan Steinbaum, says that 13 of the company's 35 full-line stores will begin using the new epos system 69 next month. All 35 of the conventional stores should have the new system within two years.

The scanning test in two Springfield, Mo., conventional stores will begin in early February and will probably continue for six to eight months before an evaluation of possible expansions is made.

The scanning stores will be using the same NCR 2126 registers that are going into all 35 of Medicare-Glaser's full-line drug stores.

The basic NCR system will be able to capture, through a keyed entry system, individual item product movement on about 3,000 products. Medicare-Glaser will use this less expensive system to track the movement of all ad items, plus the chain's top 200 best-selling products. In addition, the system will be used to monitor sales of new products introduced into the full-line stores.

For an investment approximately double the cost of the basic system, Medicare-Glaser will use the upgraded scanning system to track the product movement of all sku's in the two Springfield stores. In these two test stores, the chain will be tracking the movement of between 15,000 and 18,000 sku's.

Gil Smith, director of store systems for Medicare, estimates that about 80% of the products in the store already carry a universal product code. The remaining products will probably be given a six-digit price look-up code.

Both Steinbaum and Smith feel that by the time the company is finished installing the basic NCR system in all the conventional stores, which should be in about two years, the test for the scanning stores should yield enough information to allow management to determine if it is worth upgrading all full-line stores to scanning. The company has not yet decided if scanning would ever be warranted in the 63 smaller pharmacy stores or in its deep-discount store, Megs, but scanning will not be used in Medicare's 12 Vision Centers or in its Home Health Care

Continued on page 64

Chain remerchandises in move to boost volume

ST. LOUIS — Medicare-Glaser is expanding many of its smaller stores and remerchandising all of its conventional stores in a bid to beef up average store volume.

Currently the chain operates a highly diversified mix of stores ranging in size from 2,500 sq. ft. for an average professional pharmacy to 10,000 sq. ft. for a typical full-line conventional drug store.

At the end of 1984, Medicare was operating a total of 33 full-line drug stores, 57 professional stores, 12 Vision Centers, 1 home health care store and 1 deep-discount drug store, for a total of 104 stores.

Starting late last summer, Medicare began remerchandising its bigger stores to include a broader range of sundries and general merchandise products.

The new mix resulted in the addition of some new departments such as photo albums and picture frames, plus the

Continued on page 64

FINANCIAL

American posts increase

SALT LAKE CITY — American Stores reported that net earnings for the third quarter ended Oct. 27 increased to $35.5 million, or $1.10 a share, from $22.8 million, or 67¢ a share, in the comparable 1983 period.

Sales for the quarter increased 74.7% to $3.45 billion from $1.97 billion in the previous-year period.

Results include approximately 71% of the sales and earnings of Jewel Cos., which became a wholly owned subsidiary of American Stores on Nov. 16.

The impact of the Jewel merger was to decrease quarterly earnings by $4.5 million as the result of interest expenses generated by the acquisition borrowings and other purchase accounting adjustments.

Also included in the earnings results for the quarter was a one-time gain of $14 million, or 47¢ a share, from the sale of Alpha Beta supermarkets in Arizona.

On a comparable basis, American's third-quarter earnings were up 14% to $26 million.

For the 39 weeks, net profits rose to $95.9 million.

Subtracting the one-time gain from the sale of the Alpha Beta stores and the loss resulting from the Jewel acquisition, American's 39-week earnings increased 18.6% to $85.4 million, or $2.60 a share.

Perry earnings up 68%

PONTIAC, Mich. — Perry Drug Stores recorded a 68% increase in net earnings for the year ended Oct. 31 to $7.7 million, or $1.26 a share, from $4.5 million, or 94¢ a share, last year.

Sales for the year increased to $371.9 million, 30% higher than the $285.5 million achieved last year.

The growth in earnings outpaced sales growth by 2 to 1 and resulted in an increase of 0.4 of a percentage point to 2% in Perry's net-to-sales ratio.

For the fourth quarter, earnings were up 63% to $2.1 million, or 34¢ a share, from $1.3 million, or 23¢ a share, while sales rose 26% to $96.4 million from $76.5 million for the same year-earlier period.

Jack A. Robinson, chairman and ceo, said he was delighted by the results. "We worked toward improving our profitability and we achieved our objectives," he added.

In fiscal '84, Perry opened 12 drug stores and 26 auto parts stores.

		STOCK PRICE							TREND TO MARKET				EARNINGS/SHARE					P/E	DIVIDENDS			FINANCIAL POSITION				
		From 11/29/84 - 12/13/84							Price Trend (% per day)		Volume Trend (% per day)			Latest 12 Months vs Preceding 12 Months Change					Indicated Dvd. rate			Last Fiscal Year			Last Fiscal Year (Per Share)	
					Change		52-Week																			
Name	Symbol	High	Low	Close	Amt	Pct	High	Low	Last 30 Days	Last 5 Days	Last 30 Days	Last 5 Days	Last Fiscal Year	Amt.	Pct	5-Year Annual Growth Rate	Profit Margin	Latest P/E Ratio	Amt.	Yield	Last X-Dvd. Date	Revenue	Earnings	Current Ratio	Long Term Debt	Common Stock Equity
-	-	$	$	$	$	%	$	$	%	%	%	%	$	$	%	%	%	-	$	%	-	$ Mil	$ Mil	-	$	$
Chain Store transactions																										
Am Stores	ASC	38.00	35.38	36.75	-1.00	-2.65	41.13	26.50	.01	.63	2.76	8.72	3.61	.60 N	17.9	45.0	1.5	9.3	.64	1.7	09-18-84	7983.7	117.9	1.5	12.39	15.26
Begley Co	BGLY	15.50	15.50	15.50	.00	.00	17.00	14.50	.16	.08	-4.28	46.43	1.33	-.07 S	-5.4	-8.0	1.1	12.8	.68	4.4	10-16-84	61.5	.7	1.9	15.55	18.26
Big B	BIGB	11.25	10.63	10.75	-.50	-4.44	13.25	8.88	-.06	.31	1.69	5.13	.53	.14 S	31.1	23.0	3.0	18.2	.00	.0	09-21-83	117.0	3.5	2.3	.18	3.88
Drug Sys	DRGS	4.00	3.75	3.88	-.38	-8.82	7.50	3.25	-1.05	.00	.49	-11.32	.56	-.32 S	-42.6	-51.0	2.1	9.0	.00	.0	01-25-84	82.3	1.7	3.0	1.28	5.84
Eckerd, Jack	ECK	28.63	26.38	28.50	.88	3.17	29.13	20.25	.04	.81	-2.37	11.08	2.27	.36 Q	18.3	5.0	3.3	12.3	1.00	3.5	09-10-84	2622.5	85.4	2.0	2.52	16.47
Fay's Drug	FAY	10.38	9.63	9.88	-.38	-3.66	13.88	8.38	-.70	-.12	-1.35	-15.30	.60	.13 N	24.5	46.0	2.6	15.0	.20	2.0	12-21-84	312.4	8.1	1.7	1.78	3.82
Genovese Drug	GDX	12.25	11.13	11.25	-1.00	-8.16	18.25	11.13	-.56	-1.79	4.75	75.16	.96	.25 S	32.0	70.0	2.0	10.9	.20	1.8	09-17-84	193.8	3.9	1.9	2.83	4.92
Hook Drugs	HOOK	21.50	21.00	21.00	-.50	-2.33	29.50	18.00	.87	-.06	-1.93	4.50	2.01	-.26 N	-12.7	6.0	2.7	11.8	1.00	4.8	10-09-84	320.5	8.7	1.7	2.75	10.38
Longs Drg Strs	LDG	43.88	42.75	43.50	.00	.00	49.75	34.00	.04	.28	1.89	3.49	3.43	.36 N	10.9	10.0	3.0	12.0	1.28	2.9	11-28-84	1214.4	36.4	1.9	.00	21.13
Medicare Glaser	MGCO	4.75	4.25	4.25	-.50	-10.53	9.75	4.25	-.16	.00	2.22	-56.00	.43	.06 Q	14.6	70.0	1.4	9.0	.00	.0	00-00-00	76.7	1.1	1.6	1.12	3.32
Pay N Save	PAYN	22.88	22.75	22.75	-.13	-.55	26.75	14.38	.14	.07	-1.76	41.38	2.02	-.23 S	-13.2	.0	2.5	15.2	.60	2.6	08-20-84	1220.5	30.1	2.0	9.01	14.37
Pay Less NW	PAY	22.50	20.75	21.50	-.88	-3.91	24.13	14.00	-.12	-.59	.45	30.83	1.35	.34 S	29.8	4.0	2.9	14.5	.34	1.6	12-17-84	852.9	24.7	1.8	4.62	7.19
Perry Drug	PDS	17.63	16.25	17.25	.75	4.55	18.50	12.38	.23	.35	-6.68	-13.45	1.02	.45 N	52.9	12.0	1.6	13.3	.24	1.4	08-21-84	285.5	4.5	2.2	2.78	9.75
Revco Drug	RDS	25.00	22.50	23.13	-1.75	-7.04	37.50	22.50	-.52	-1.91	5.38	18.95	2.54	.52 Q	26.0	26.0	4.2	9.2	.80	3.5	11-19-84	2227.5	93.4	2.1	1.08	12.22
Rite Aid Corp	RAD	26.00	24.50	24.88	-.38	-1.49	27.25	17.50	-.01	-.70	.20	2.55	1.47	.30 S	23.4	29.0	5.1	15.7	.51	2.1	10-09-84	1223.3	62.2	2.3	.49	7.68
Thrifty Cp	TFD	20.63	18.50	18.50	-2.00	-9.76	21.38	11.50	-.04	-.48	.48	7.98	1.40	.27 F	23.8	20.0	2.1	13.2	.52	2.8	11-02-84	1299.3	27.9	1.5	5.39	6.83
Walgreen Co	WAG	44.75	41.88	43.75	1.75	4.17	44.88	28.63	.16	.43	-.48	-7.19	2.78	.51 F	22.4	42.0	3.1	15.7	.88	2.0	11-07-84	2744.6	85.4	1.7	1.73	13.52
Wholesaler's transactions																										
Bergen Bruns	BBCA	24.00	20.50	22.50	-1.13	-4.76	27.63	19.00	-.16	1.08	2.87	-54.67	1.86	.26 F	16.2	37.0	1.4	12.1	.32	1.4	10-26-84	1703.4	23.4	1.6	1.08	11.11
Cardinal Distrb	CDIC	13.25	12.00	12.50	-.50	-3.85	18.63	12.00	-.37	.34	1.24	37.31	1.01	.99 S	NC	11.0	1.1	12.6	.00	.0	00-00-00	243.3	2.6	1.8	1.01	6.50
Durr Fillauer	DUFM	13.25	12.75	12.88	-.38	-2.83	16.25	10.25	.16	-.12	1.54	9.80	.80	.13 N	17.1	21.0	1.9	14.5	.16	1.2	08-20-84	263.2	5.0	2.3	2.03	6.80
McKesson Cp	MCK	39.38	38.50	38.50	-.50	-1.28	44.25	32.38	.08	-.27	-2.35	-11.80	3.25	-.08 S	-2.4	.0	1.5	11.8	2.40	6.2	11-27-84	4260.0	63.0	1.4	10.45	30.25
Foxmeyer Cp	FOXM	22.00	21.00	22.00	-.63	-2.76	26.75	20.00	-.31	.17	-2.57	26.26	1.27	.07 S	5.3	92.0	1.1	15.8	.00	.0	00-00-00	464.2	5.2	2.0	3.95	11.86
Ketchum	KCH	15.25	14.25	14.25	-.75	-5.00	20.19	10.09	-.19	-.91	.86	-39.39	.77	-.50 S	-54.3	89.0	.3	33.9	.00	.0	09-24-84	245.1	.8	1.5	6.37	6.74
Owens & Minor	OBOD	12.75	12.25	12.75	-.25	-1.92	16.63	11.25	-.13	.63	-5.44	-25.13	1.41	.05 N	3.9	9.0	1.2	9.6	.36	2.8	12-10-84	255.2	3.0	2.8	5.07	11.69
Spectro Indus	SPO	25.88	24.38	25.25	-.25	-.98	27.86	15.50	-.11	-.24	-2.91	54.32	1.78	.72 S	48.9	57.0	1.8	11.5	.14	.6	09-24-84	395.4	7.2	1.7	2.46	8.88
Manufacturer's transactions																										
Abbott Labs	ABT	41.25	38.63	40.00	-1.25	-3.03	48.75	36.75	-.09	.64	-1.02	-9.61	2.86	.50 N	18.5	25.0	11.9	12.5	1.20	3.0	10-09-84	2927.9	347.6	1.9	4.00	11.71
Am Home Prod	AHP	51.38	49.88	51.00	1.00	2.00	55.75	46.75	.22	.03	-2.26	-1.15	4.00	.41 N	10.5	15.0	12.9	11.9	2.64	5.2	11-06-84	4856.5	627.2	3.0	.00	13.14
Baxter Travenol	BAX	13.00	11.75	12.88	.50	4.04	24.88	11.75	-.44	1.08	.37	7.70	1.45	-.18 N	-12.7	18.0	11.8	10.5	.33	2.6	12-03-84	1842.5	218.1	1.7	1.60	8.17
Block Drugs Co	BLOCA	29.75	29.00	29.75	.75	2.59	29.75	24.28	.49	.39	-1.21	-13.46	3.18	.34 S	11.2	16.0	10.0	8.9	1.00	3.4	11-27-84	238.2	23.9	2.3	2.34	20.08
Bolar Pharm	BLR	24.88	22.50	23.13	.13	.54	32.00	17.50	.02	.53	-2.67	-31.56	1.15	.18 N	18.7	42.0	19.2	20.3	.05	.2	02-10-84	25.5	4.9	4.9	.00	4.76
Bristol-Myers	BMY	48.75	47.25	48.25	.38	.78	50.38	41.00	.05	.31	-.72	.02	3.00	.46 N	15.9	19.0	10.4	14.4	1.60	3.3	10-01-84	3917.0	408.0	2.4	.71	13.99
Carter-Wallace	CAR	27.25	26.25	26.63	-.25	-.93	27.88	19.38	.09	.24	-2.68	4.73	2.37	1.86 S	265.7	30.0	5.7	10.4	.48	1.8	10-31-84	323.1	18.4	2.4	1.69	21.87
Cooper Labs	COO	13.88	13.38	13.75	.00	.00	27.00	10.38	-.25	.46	-3.88	-25.52	.51	-.04 N	NC	NC	3.5	NE	.12	.9	03-12-84	232.5	8.2	1.9	4.36	13.07
Forest Labs	FRX	13.25	12.50	12.88	-.25	-1.90	32.25	11.25	-.39	.50	-2.68	-3.73	.54	.02 S	3.9	50.0	14.8	24.3	.00	.0	01-14-83	19.6	2.9	8.3	.28	5.42
ICN Pharm	ICN	9.25	8.38	8.63	-.25	-2.82	9.75	4.88	.31	-.07	.07	-4.44	.22	-.11 N	-44.0	41.0	5.1	61.6	.00	.0	00-00-00	37.0	1.9	4.3	.20	4.34
Key Pharm	KPH	9.38	8.00	8.88	-.25	-2.74	20.25	8.00	-.72	-.40	-.18	-17.56	.51	.18 N	40.9	71.0	14.8	14.3	.16	1.8	09-10-84	127.3	18.8	2.1	1.16	1.67
Lilly Eli Co	LLY	64.88	62.88	64.63	1.25	1.97	66.13	53.00	.27	.43	1.84	-2.08	6.13	.79 N	13.4	12.0	15.1	9.7	3.20	5.0	11-08-84	3033.7	457.4	1.9	1.23	28.86
Lee Pharm	LPH	2.63	2.13	2.50	-.13	-4.76	3.75	2.13	-1.22	3.84	4.44	-17.46	-.49	.23 N	NE	-92.0	-14.3	NE	.00	.0	00-00-00	7.0	-1.0	2.8	.41	1.53
Marion Labs	MKC	40.25	38.25	39.00	-1.50	-3.70	42.75	27.25	-.10	-.65	.00	25.36	1.24	.50 Q	56.8	59.0	10.6	28.3	.40	1.0	09-12-84	226.4	24.1	2.4	.04	7.05
Merck & Co	MRK	89.88	87.75	89.13	.38	.42	97.50	78.25	.21	.33	1.03	15.70	6.10	.52 N	8.6	7.0	13.9	13.6	3.00	3.4	08-31-84	3246.1	450.9	1.7	5.21	32.92
Morton Thiokol	MTI	27.00	25.25	25.63	-1.38	-5.09	31.38	19.97	-.34	-.83	-2.56	13.54	2.16	.44 Q	24.1	27.0	5.5	11.3	.64	2.5	11-26-84	2001.5	109.8	1.5	2.94	12.50
Mylan Labs	MYLN	24.75	22.75	22.88	-2.13	-8.50	35.13	8.22	-.39	-1.19	-2.54	9.16	.40	.32 S	94.1	107.0	12.7	34.7	.03	.1	08-01-84	36.9	4.7	5.4	.21	1.52
Newport Pharm	NWPH	6.88	5.75	6.25	.00	.00	7.25	2.75	.17	-2.29	3.08	-38.88	-.21	-.14 Q	NE	2.0	-26.0	NE	.00	.0	00-00-00	7.7	-2.0	2.6	.22	.93
Pfizer Inc	PFE	40.13	38.13	39.88	.88	2.24	41.00	29.38	.16	.08	-2.70	8.40	2.73	.43 N	16.6	18.0	11.9	13.2	1.32	3.3	11-13-84	3750.0	447.1	2.1	3.03	13.67
Reid Prov Labs	REID	3.50	3.25	3.38	-.13	-3.57	4.38	2.75	.55	.93	-3.81	26.63	.12	.02 F	20.0	107.0	6.7	28.1	.04	1.2	12-10-84	13.4	.9	3.1	.02	.92
Robins, AH	RAH	20.63	19.00	20.25	.75	3.85	23.25	12.00	.06	.62	.21	3.09	2.40	-.98 N	-41.3	9.0	10.3	14.6	.76	3.8	11-19-84	563.5	58.2	3.2	1.36	14.69
Rorer Group	ROR	28.50	25.75	25.75	-2.25	-8.04	34.13	25.25	-.19	-1.09	3.98	21.56	2.02	.16 N	8.3	10.0	8.9	12.4	1.08	4.2	11-02-84	475.3	42.4	2.0	2.18	10.43
Scherer RP Co	SCHC	9.13	8.75	8.88	-.13	-1.39	17.63	8.63	.08	-.07	.86	-16.87	.52	-.40 Q	-44.4	-5.0	2.3	17.8	.32	3.6	09-12-84	171.7	4.0	1.9	4.83	11.14
Searle, GD	SRL	63.00	58.88	59.25	-1.38	-2.27	63.00	37.50	.35	-.86	-.17	-2.45	2.39	.70 N	29.7	14.0	12.6	19.4	.52	.9	11-02-84	946.0	119.0	2.4	3.62	14.85
Squibb Corp	SQB	52.75	50.50	51.75	-.88	-1.66	53.25	37.50	.16	.46	-1.13	12.99	3.31	.37 N	11.5	10.0	9.8	14.5	1.60	3.1	11-09-84	1768.9	173.3	2.4	3.86	23.24
Sterling Drug	STY	30.00	27.38	30.00	1.00	3.45	30.00	23.50	.34	1.39	3.73	32.50	2.24	.15 N	6.8	7.0	7.2	12.9	1.16	3.9	11-07-84	1901.2	136.8	2.7	1.44	14.96
Syntex Corp	SYN	49.25	46.63	48.00	1.25	2.67	56.25	37.75	.07	.11	.91	-14.96	4.08	-.22 F	-5.1	28.0	14.7	11.8	1.60	3.3	11-02-84	916.5	134.6	2.1	5.36	18.81
Thompson Med	TM	15.88	13.88	15.13	-.88	-5.47	26.50	13.25	-.40	1.59	3.52	-31.11	1.65	.67 N	42.1	65.0	11.0	6.7	.40	2.6	09-11-84	149.4	16.5	3.2	.00	5.85
Upjohn Co	UPJ	67.25	63.75	66.25	-.50	-.75	72.25	45.00	.12	.59	-1.42	26.49	5.28	.68 N	13.6	2.0	8.1	11.7	2.56	3.9	10-01-84	1986.1	160.2	2.2	18.02	34.74
Warner-Lambrt	WLA	34.25	32.50	34.25	1.38	4.18	36.75	28.25	-.02	.61	-.73	40.83	2.51	.49 N	21.4	1.0	6.5	12.4	1.48	4.3	11-02-84	3108.3	200.5	1.9	7.53	[illegible]
Zenith Labs	ZENI	18.50	16.50	18.50	.25	1.37	19.50	12.00	.57	.59	-1.41	-43.92	.73	-.26 N	-31.7	114.0	7.8	33.0	.00	.0	00-00-00	32.1	2.5	4.6	1.12	5.12

All data is based on sources believed to be reliable, but its accuracy is not guaranteed. Every effort will be made to correct errors, when discovered, in future issues.

Footnotes:

NA - Not Applicable
NC - Not Calculable
NE - Negative Earnings
NM - No Meaningful Figure
Q - First Quarter
S - First 6 Months
N - First 9 Months
F - Fiscal Year

Data and Table Prepared by Media General Financial Services, Inc., Richmond, Virginia 23219

Chain execs' economic predictions

Mostly sunny skies with a chance of showers

The economy, following President Reagan's re-election, may be entering a slowdown phase, but retail and wholesale drug industry executives, trying to peer into their crystal balls for 1985, are relatively optimistic.

In a survey of top retail and wholesale executives carried out just prior to the election, the mood of most industry executives was upbeat.

Although there were some reservations about the deficit and possible increases in both personal and corporate taxes, most retail chain and independent drug store operators and most wholesale executives felt the economy was going to continue along reasonably well, with such key economic barometers as inflation and interest rates either not changing at all or increasing moderately.

On the most positive plane, the majority of chain retail and wholesale executives felt that disposable income would increase at least moderately in 1985. At the same time they and many independents also felt that unemployment would go down, probably moderately.

Their optimism seems to be closely connected to a faith in the President's ability to control the economy. But that optimism is not so strong as to make them believe that the threat of inflation is entirely behind us or that potential problems with the growing deficit can be avoided.

In looking at the overall economic picture for 1985, nearly half of all chain executives, plus a third of all wholesalers and independents, said they were "very confident" that the economy would continue to move through a recovery phase in 1985.

Half of our respondents were at least "somewhat confident" that the economy would continue to recover.

Chain executives were the most optimistic, with 95% of all respondents expressing either a very or somewhat optimistic view of the economy. Eight out of 10 wholesale and independent respondents, were equally as confident.

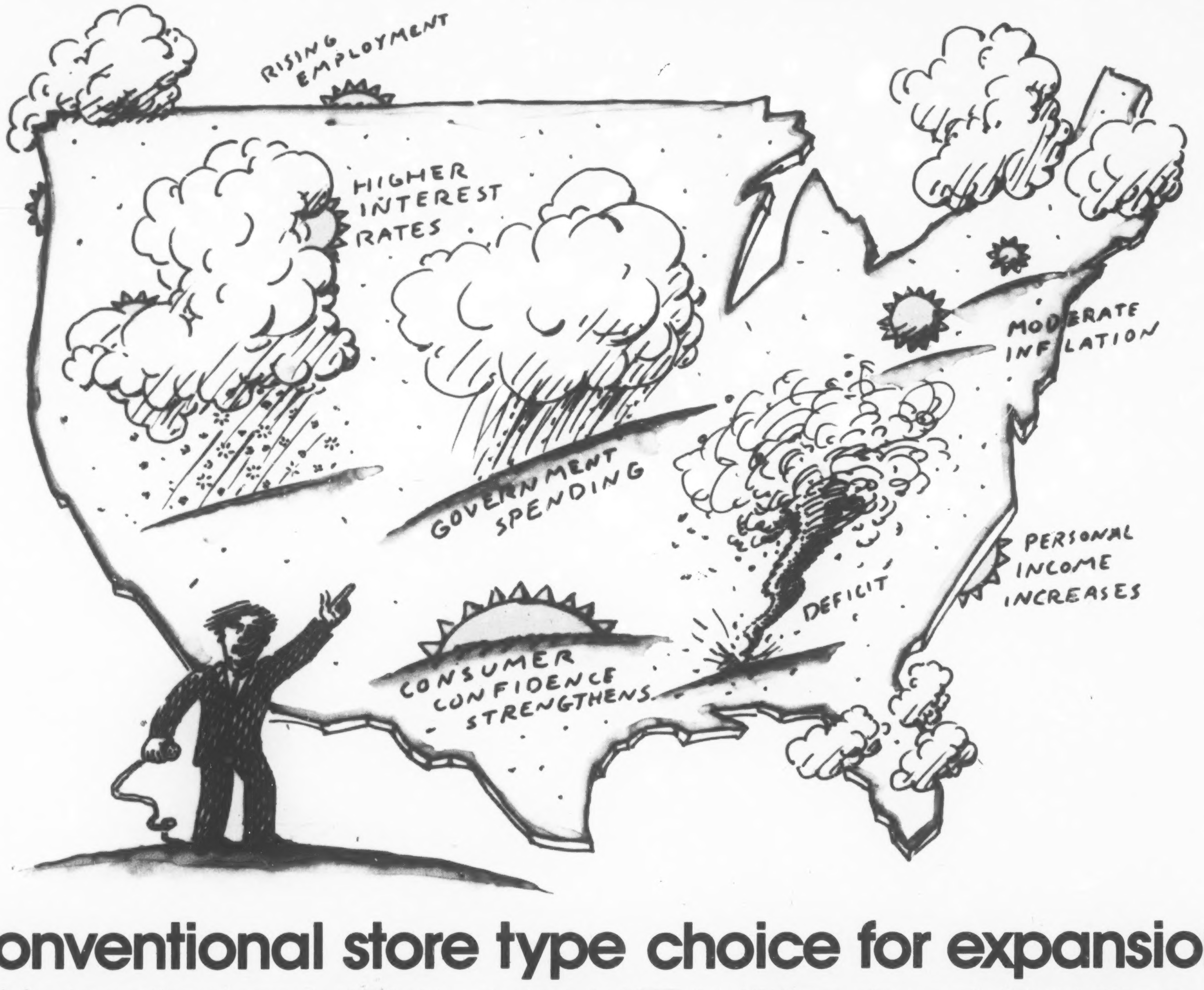
The big worries about the economy came in the areas of the deficit, inflation, interest rates and corporate and personal taxes.

Half of all independents and wholesalers and two-thirds of all chain executives felt inflation would rise in 1985. However, they said that they felt that any increases would only be moderate.

With inflation now running at 3% to 4%, most of the industry seems to feel that inflation will remain far below the double digit rate in 1985, probably at no more than 7% to 8%.

The deficit, however, is another story. Right now the Government is estimating that the deficit will reach about $210 billion. This is already $35 billion more than Reagan was estimating the week of his election.

Continued on page 36



Conventional store type choice for expansion

INDUSTRY FORECAST 1985

Chain drug store executives are planning to advance their company's growth prospects along two major fronts in 1985: First they plan to construct or acquire more conventional drug stores, the industry's mainstay, and second, they plan more diversification into such nontraditional retailing areas as deep-discount drug stores, auto part stores and freestanding home health care stores.

According to the results of *Drug Store News'* first annual industry forecast and trends study, conventional drug stores are now the most common type of store managed or owned by retail companies.

Seventy per cent of the chain respondents operate conventional stores (6,000 to 15,000 sq. ft.). The only format to come close to a similar universality was the bantam store type (under 6,000 sq. ft.) which are owned and/or managed by nearly 5 out of every 10 responding chains.

In contrast, just 10% of the responding chains own or manage a freestanding home health care or auto parts store, while just 2 out of 10 chains manage combination food and drug stores. A quarter of the chains now manage deep-discount drug stores (average margins under 20%) while more than a third also manage super drug stores (over 15,000 sq. ft.).

More chains built or acquired conventional stores in 1984 than any other type and this trend is not only going to continue in 1985, it will escalate. Six out of 10 retail chain store executives say they will build or acquire conventional stores in 1985 compared to 4 out of 10 who did so in 1984.

In contrast, just 2 out of 10 chain executives plan to build or acquire bantam stores in 1985, compared to 15% who said they did so in 1984.

After conventional stores, the hottest growth format for 1985 is the deep-discount store. Twenty per cent of the chain store executives say they plan to add this format to their mix in 1985, compared to just 5% who said they did so in 1984.

The expansion plans for freestanding home health care and freestanding auto parts stores in 1985 remain the same as they were for 1984. Just 5% of the chains will be adding them to their new store program.

There will be more super drug store openings in 1985. Twenty per cent of our respondents plan to open them in 1985 compared to 15% in 1984. As for combination stores, 10% of our respon-

Continued on page 36

Mostly sunny skies with a chance of showers

Continued from page 33

Even though most industry executives strongly supported the President's re-election bid, not every one seems to have believed that he could curb the deficit as easily as he had predicted.

Independents and wholesalers were the most skeptical, with 4 out of 10 expecting the deficit to go up "moderately" in 1985. Chain executives were more optimistic: Just 2 out of 10 believed the deficit would increase moderately in 1985.

Out of all our respondents, independents were the most worried about the dangers of the deficit. In addition to the 40% who feared it would rise "moderately," another 15% said they believed it would go up substantially. No chain retail or wholesale executive shared that expectation.

Independents and chain retail executives were also more pessimistic than wholesalers about the fate of corporate taxes.

Survey results

Most wholesalers believed that corporate taxes would either remain the same in 1985 or decrease moderately. Only 30% of all wholesale executives believed they would increase even moderately.

However, 6 out of 10 independents and retail chain executives felt corporate taxes would increase in 1985, although they did specify they believed the increases would be moderate. The remaining third thought they'll remain about the same.

In line with their feelings that the economic outlook for 1985 was reasonably promising, all of our respondents had formulated rather aggressive growth plans for their businesses in 1985.

Seven out of every 10 of our respondents reported they were increasing their capital expenditures in 1985, with wholesalers being the most aggressive.

Ninety per cent of all wholesalers said they would increase capital expenditures compared with 70% of all chain executives and just 60% of all independents.

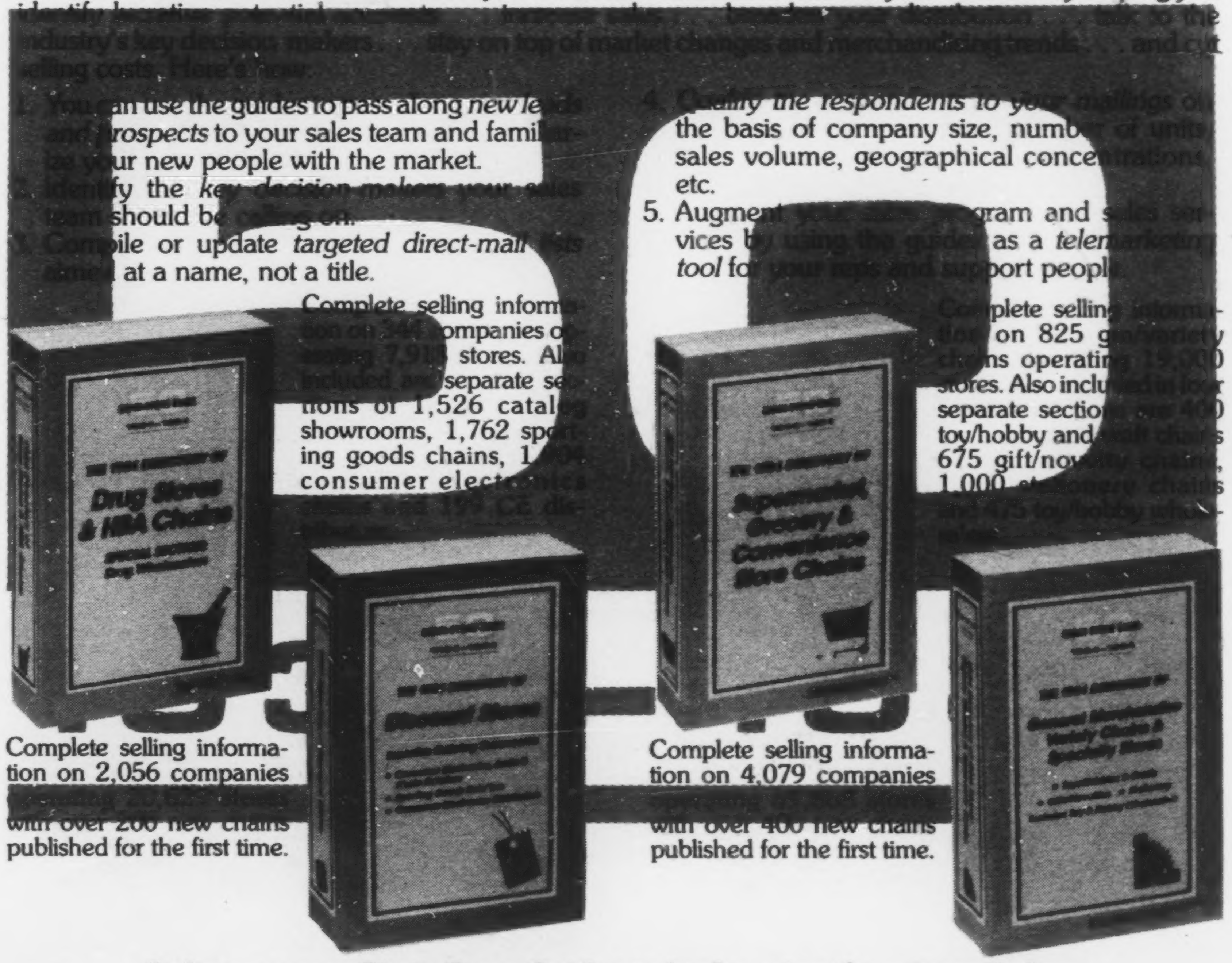
Wholesalers were almost much more inclined to invest in acquisitions. Again 90% of all wholesalers said they would increase their acquisition activities in 1985, compared with just 45% of all chains and 35% of all independents.

Oddly enough although wholesalers were less confident about the chances of a continuing economic recovery than chain retail drug store executives, they were more confident about the likelihood that consumer spending in constant dollars would increase in 1985. It is frequently said that the drug industry has proven itself to be relatively recessionproof, and wholesalers seem to be agreeing with that view.

Confidence barometer: Will the economy continue to recover in 1985?

	Chains	Independents	Wholesalers
"Very confident it will continue to recover"	45%	35%	30%
"Somewhat confident"	50	45	50
Very/and somewhat confident	95	80	80

Source: *Drug Store News survey*



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INDUSTRY FORECAST 1985

Combos take second place

Continued from page 33

dents plan at least one in 1985 compared to 15% in 1984.

Perhaps because the drug store industry has traditionally been conservative in its experimentation with nontraditional drug store formats, the industry today is about equally divided on the pro's and con's of diversification.

Just 45% of our respondents were either very or somewhat positive about diversification, while 40% were either very or somewhat negative.

Those who were against diversification said it was basically because they feel they lack the required expertise to compete successfully with established entities in other retail segments.

Those who favored diversification tended to compete in markets where they were approaching saturation. Executives who favored diversification pointed out that many of their markets could no longer support traditional drug store units.

They said "intensified competition among traditional drug store chains was limiting growth opportunities."

They saw diversification as a means to penetrate new and profitable markets as well as a strategy for making their own companies less susceptible to the dangers of "having all your eggs in one basket."

Many respondents also said they believed "strategically planned diversification can augment company profits."

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Use of computers to grow in 1985

INDUSTRY FORECAST 1985

Over the next two years, chain drug executives will be installing computers, scanners and other electronic equipment that could result in 55% of all chain companies operating stores with total in-store automation systems by the end of 1986.

According to *Drug Store News'* first drug store industry trends and operations study, pharmacy computers are already a fact of life in the majority of chain stores and in about half of all independently owned stores.

Chain executives are planning to keep their lead over independents in computer utilization systems by moving aggressively to round out their installation of electronic point-of-sale cash registers, inventory scanners, checkout scanners and in-store mini or micro computers that are able to interact with front-end registers.

The 1985 survey shows that approximately 75% of the chain companies already are using electronic cash registers in their stores and that another 10% plan to install them in 1985 and 1986.

If that game plan is met, then 85% of the chains will have electronic cash registers in their stores by the end of 1986. In addition, by 1986 70% of the chains should have inventory scanners in their stores and another 65% should have checkout scanners.

Currently, the survey shows that 50% of the chains already do have inventory scanners in their stores, while another 25% have checkout scanners in at least some stores.

The current timetable, if it holds up, would put chain operators way ahead of independents in the development of store-automated systems. Currently independents are keeping pace with chains only in their utilization of electronic cash registers.

However, every chain-operated company in the survey has pharmacy computers in at least some stores, compared with just 55% of all independents; 50% of the chain companies have inventory scanners, compared to just 30% of independents, and 25% of the chain companies have electronic scanners, compared to just 10% of the independents.

A quarter of the chains are also experimenting with computer-interactive store automation companies, compared with just a 10th of the independents.

Independents, however, will catch up with chains in pharmacy computer use by the end of 1986 when 90% of them report they will have installed Rx computers. They'll also be equal to chains in their utilization of electronic cash registers.

Independents will still lag behind, however, on their use of inventory scanners, checkout scanners and store automation programs.

It is also possible that where checkout scanners and store automation programs are concerned, independents may never really close the gap, and that's primarily because many may not have to. Most community pharmacies, of course, are much smaller than typical chain stores. They stock much less front-end inventory and they generate much smaller annual store volumes: $500,000 a year for the average independent compared with $1 million for the average chain.

Without the additional space, inventory and store traffic, it's conceivable that independents may not need to invest in checkout scanners or interactive computers.

Pharmacy computers and electronic point-of-sale may be enough to keep them competitive.

Projections for growth in computer use (independents)

	1984	1985	1986	1986
Pharmacy computers	55%	25%	10%	90%
Electronic cash registers	70	—	15	85
Inventory scanners	30	—	10	40
Checkout scanners	10	—	15	25
Computer interacting with front end	10	5	20	35

Source: *Drug Store News survey*

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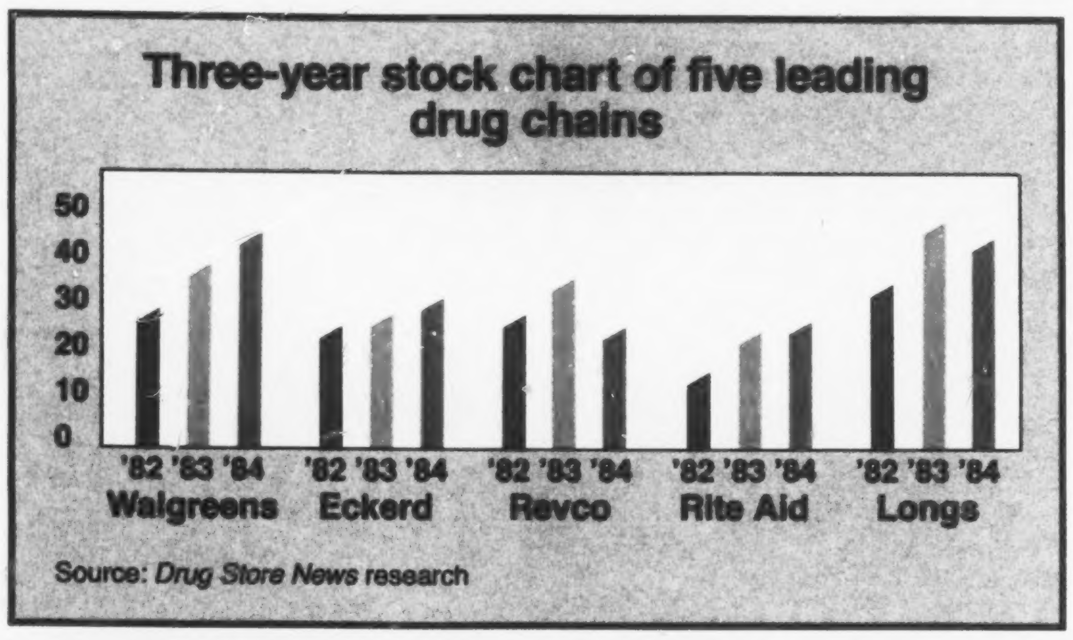


Source: *Drug Store News* research

The erratic behavior of the five leading public chain drug stocks illustrate the industry's mixed year. See related story on page 2.

American looks to George to solidify drug divisions

SALT LAKE CITY — American Stores, which is in the midst of consolidating its several drug divisions into one "super" division, is reportedly close to capping that consolidation by naming one man to head the new division.

Sources in the industry say that Dick George, president of American's Osco Drug division, has already been "informally" designated president of the entire division.

But sources also say that American which has not confirmed the promotion, is withholding official announcement "until they have all their systems firmly in place."

"They don't like to make a big fuss about things," says one security analyst who follows the company closely. "Some companies get out a press release whenever the president sneezes. Sam [Skaggs] likes to just do it and get on with it, the less fuss the better."

Analysts, however, say that the move is logical and that American may be saving the announcement to coincide with the publication of its annual report, due out in February or March.

"Dick George has an excellent reputation," says one source who follows American. "And it's no secret that Ameri-

Continued on page 65

Boom year predicted for industry in 1985

WASHINGTON — Drug store industry sales should jump 10% in 1985 to a record $47 billion and continue sharply upward for the next five years, according to a bullish new Government forecast released by the Commerce Department last week.

Noting that United States "drug and proprietary stores . . . radiated strength as 1985 began," the department's report predicted that "major undertakings should continue to energize the industry at least through the remainder of the decade."

Despite the department's bullish predictions, the Government's latest forecast indicates that the industry slipped slightly last year in relation to other retail segments.

In 1984 drug store dollar sales accounted for 3.3% of total United States retail volume, down from 3.4% in 1974, according to the latest Commerce Department estimates. But the study also reveals that drug stores have been outperforming other retail segments during more recent years.

According to preliminary statistics from the 1982 Cen-

Continued on page 65

Quick Chek sets growth

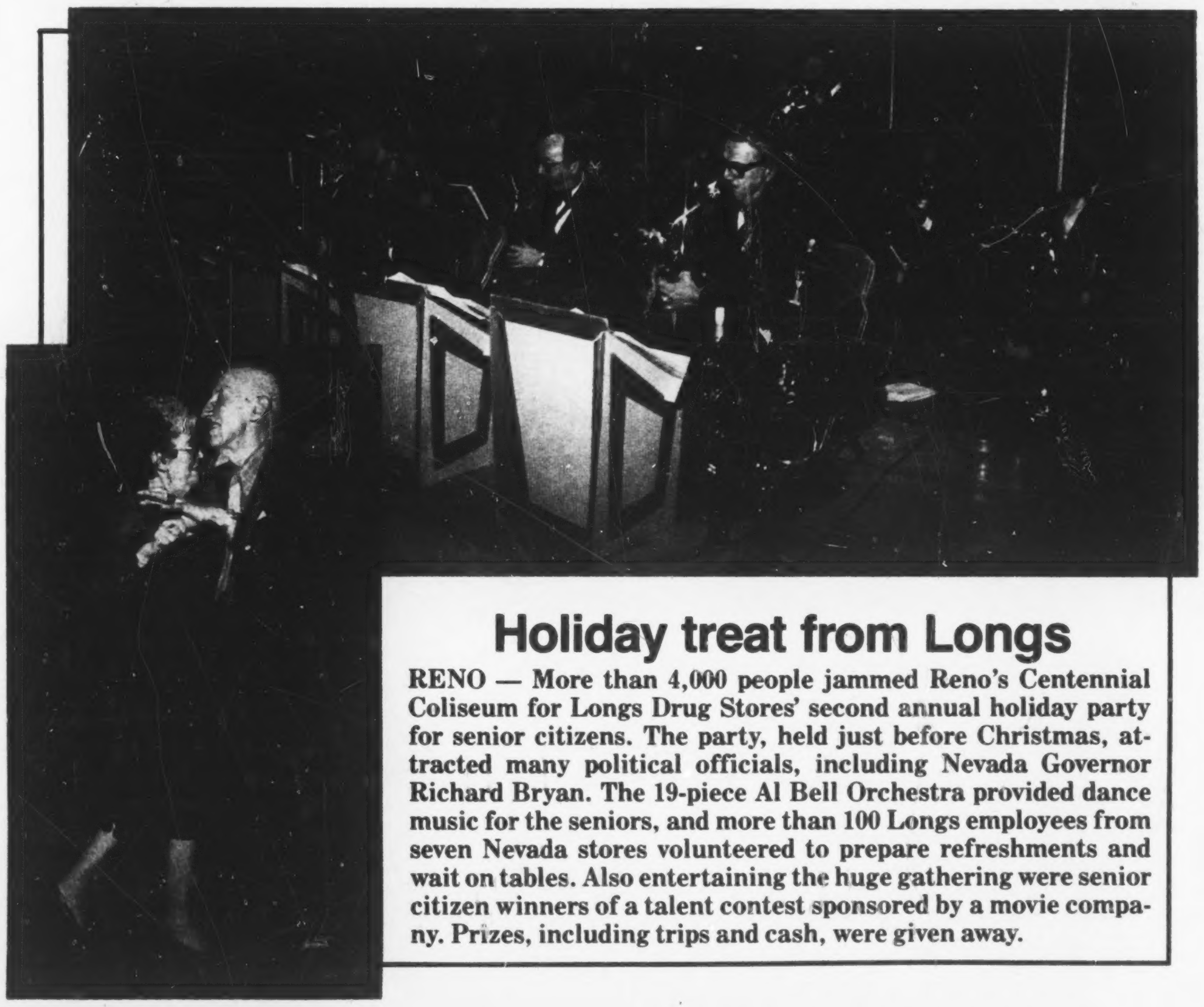
By Tim O'Brien

WHITEHOUSE STATION, N.J. — Quick Chek, the 84-unit convenience food store chain, will be undertaking a major expansion this year of its food/drug mini-combo stores.

The $85 million company will add 12 new 7,200-sq.-ft. mini-combos to its roster in 1985. Eight will be new stores, and four will be conversions of existing convenience food units.

The stores, all to be located

Continued on page 65



Holiday treat from Longs

RENO — More than 4,000 people jammed Reno's Centennial Coliseum for Longs Drug Stores' second annual holiday party for senior citizens. The party, held just before Christmas, attracted many political officials, including Nevada Governor Richard Bryan. The 19-piece Al Bell Orchestra provided dance music for the seniors, and more than 100 Longs employees from seven Nevada stores volunteered to prepare refreshments and wait on tables. Also entertaining the huge gathering were senior citizen winners of a talent contest sponsored by a movie company. Prizes, including trips and cash, were given away.

TE NEWS....LATE NEWS....LATE NE

WALGREEN CO. reported that net earnings for the first quarter ended Nov. 30 increased 24.4% to $15.6 million, or 51¢ a share, from $12.5 million, or 41¢ a share, in the comparable year-earlier period. Sales for the quarter increased 16.7% to $715.2 million from $613 million.

NEWSPAPER

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See page 4

Revco to unveil 2nd discount unit

MINNEAPOLIS — Revco will open its second Get It For Less deep discount store next month in a 23,000-sq.-ft. mall site here.

Revco's willingness to open a second unit is based on the success of its 17-month test of the format in Memphis, according to Budd Dworkin, sr. vp-marketing. Dworkin said sales in the first store are running 35% to 40% above last year's and should hit an annual volume comparable with other deep discounters, or roughly $10 million.

Get It For Less

Dworkin wouldn't pinpoint future sites, but did report the chain is looking for additional markets in which to expand. For the short term, Dworkin would like to see three more units this year. Revco's strategy is to open Get It For Less stores in markets where it won't compete with conventional Revco outlets. Both Memphis and Minneapolis are areas where the company does not operate a Revco drug store.

"The Minneapolis store will closely resemble our Memphis store, with prices 20% to 50% below our competitors," Dworkin said. "We'll also have scanners in the store to speed up checkout time and assist in reordering."

Revco is one of the few deep discounters to install scanners as a method to grab a firmer handle on what is moving. This is especially crucial for a deep discount store because of

Continued on page 65

Chain drug stock decline counters '83 peak

NEW YORK — After a broad decline through the first six months of the year, chain drug stocks recovered somewhat in the second half, but for many of the publicly held drug chains it was a case of too little too late.

However, of the 15 leading public drug chains tracked by *Drug Store News*, nine stocks did manage to appreciate during 1984. But the gains posted were considerably smaller than the increases registered the previous year.

The sharp reversal from 1983 was particularly evident among many of the secondary chain drug issues. Genovese Drug, whose stock soared 200% in 1983, fell 28.3% in 1984. Fay's Drug, up 110% in 1983, declined 23.6% last year. Big B finished 1984 down 17.3% after rising 104% the previous year. Hook Drug plunged 31% in 1984 after registering an 86% gain in 1984.

Although the declines were less dramatic, some of the large institutionally held drug chains also experienced a rough year in 1984. Revco, beset by internal problems, posted the most significant slide: up 28% in 1983 and down 30.3% in 1984. And even a takeover last year by outside investors failed to help Pay 'n Save shareholders as the Seattle-based retailer's stock fell 9.4% after rising 94% in 1983.

Still, there were some sterling performances turned in by a number of leading drug chains. Pay Less NW caught fire in the second half of the year and climbed 28.3%. Walgreens, which posted four strong fiscal quarters, rose 17.7% in 1984. Similarly, Rite Aid closed out the year up 14%, while the Los Angeles-based Thrifty appreciated 13.6%. Eckerd, which gained 13% in 1983, finished the year up 3.6%.

Analysts who follow the chain drug industry said the declines in 1984 do not indicate any inherent weakness in the industry. They pointed out that other retailers suffered through a rough year last year as well.

"On a relative basis, the drug chain stocks did better than the retailing industry in general," noted Bob Roth, an analyst with Merrill Lynch. "But the leading institutionally owned drug chains generally underperformed the market."

Other analysts noted that chain drug stocks during the past two to three years were the beneficiaries of a tremendous run up in value on Wall Street and that an adjustment was bound to take place.

It was interesting to note, however, that the widely accepted belief that chain drug stocks tend to perform better in uncertain economic times again held true. Despite a surging economy, moderate inflation and strong consumer confidence, every major retail drug stock fell during the first six months of the year. Then, as several leading economic indicators began to lag in the second half of the year, sparking fears of a possible recession, many drug stocks rebounded.

Continued on page 66

News in brief

Odd Lot buys Coleco's Adam

NEW YORK — Revco D.S.'s Odd Lot subsidiary has reportedly purchased the remaining stock of Adam home computers from Coleco Industries Inc.

Though officials at Odd Lot and Revco would not confirm the reports, analysts and industry sources said tht it was almost certain that the close-out retailer had agreed to purchase the discontinued Coleco home computers. It was not clear at presstime how much Odd Lot paid for the remaining Adam inventory, which some industry reports estimate as high as 200,000 units.

Coleco shelved its once highly touted Adam computer system earlier this month because of production problems and weak consumer demand.

Administrative changes at Hook's

INDIANAPOLIS — J. Douglas Reeves, chairman and president of Hook Drugs Inc., announced that James W. Caldwell has been appointed vp of Health Care Services. Caldwell, who had been an assistant vp in that area, will assume overall responsibility for the chain's pharmacy services and controlled substances operations and will remain in charge of the Convalescent Aid Centers.

In other administrative changes, Robert K. Richardson was elected corporate treasurer; Kent L. Francis succeeds Richardson as controller; Bruce C. Waterman, director of management information systems, was elected assistant vp, and Raymond W. Rizzo, assistant vp, director of governmental affairs, will assume the added job of assistant corporate secretary.

Rite Aid up

SHIREMANSTOWN, Pa. — Rite Aid Corp. reported that net income for the third quarter ended Dec. 1 increased 16.4% to $15.5 million, or 38¢ a share, from $13.3 million, or 31¢ a share, in the same year-earlier period. Sales for the quarter rose 25.1% to $368.4 million from $294.4 million.

For the first three quarters, net income increased 17.2% to $43.7 million, or $1.06 a share, from $37.3 million, or 88¢ a share a year earlier. Sales for the 39 weeks were up 21% to $1.04 billion from $857.5 million.

Index

Classified 64
Financial 6
Merchandiser 11
Pharmacy 31
Pharmacy product update 47
Merchandise news 61

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Vol. 7, No. 2 January 21, 1985

Pay Less to broaden frontiers

WILSONVILLE, Ore. — Pay Less NW is in an acquisition mode and is looking at drug store sites contiguous to the five states it now operates in, a top Pay Less exec told *Drug Store News*. Currently, Pay Less is in Oregon, Washington, California, Idaho and Nevada.

"We are interested in buying small drug chains as well as individual stores," the exec said.

At present, Pay Less operates three types of drug stores: the 30,000-sq.-ft. superstore of which there are 161; Value Giant deep discount drug stores (three)—all conversions of Pay Less superstores, and 12,000-14,000-sq.-ft. Key Drug (one), which is a down-scaled version of a Pay Less superstore.

Although the Pay Less exec would not discuss specific territorial plans for the three types, there is no doubt that the major effort will be placed on the Key stores, which are tailored to small towns of 10,000-15,000 people.

Says an insider: "All good big-city sites are gone; besides Key shows a higher net earnings percentage than the 30,000-sq.-ft. store."

Gary Augustin, general manager of the Key Drug division, says Pay Less will have 100 Key Drugs on-stream in the next three or four years.

Although Pay Less projects the volume of Key Drug at $35,000 a week, the first unit (Sequim, Wash., near Seattle) has been running at $50,000 a week, fueled by the holiday season.

Key has the same basic pricing structure as Pay Less on staples, but it is not ad-driven. Key runs 12 circulars a year

Continued on page 66

Gray shifts gears in remodel plan

CLEVELAND — Gray Drug Fair has "put a hold" on shrinking its oversized Drug Fair stores and is now trying to increase sales volume by expanding departments including hardware and automotive.

According to sources close to the company, the downsizing strategy, which was adopted to make the Drug Fair division more profitable, turned out to be "too difficult to implement."

Sources say that Gray has been finding it hard to find tenants who were willing to rent space in stores that were targeted for sectioning.

Gray's management began downsizing the typical 18,000- to 25,000-sq.-ft. Drug Fair stores two years ago and has already completed about 60 remodels.

After two relatively strong quarters in which sales and operating profits both increased, Gray hit a bumpy third quarter for the period ended Sept. 30, management since has been rethinking its priorities.

The new planning calls for both belt-tightening and aggressive sales growth.

Some of the belt-tightening is coming from personnel changes and some is coming from a new vigorous assault on shrink.

Sources say that Mac Allen Culver, who was appointed to head the 460-store retail drug division last August, has "knocked a couple of million"

Continued on page 66

Design firm revamps Thayer image

FOXBORO, Mass. — Thayer Pharmacies' effort to develop a new corporate look that will position this small 25-store chain for the future has begun to take shape with the opening of a new 7,000-sq.-ft. store here two months ago.

The new Foxboro store, Thayer's largest to date, will serve as the chain's prototype for future units as well as a benchmaker for all of the chain's remodeled units.

But Thayer's new store is only one facet of a far-reaching reassessment of the chain's operations. In addition to a new store design, the ambitious corporate program will signal changes in the chain's private-label packaging, consumer advertising, on down to the logos on its internal stationery and the colors of its distribution trucks.

"We looked at the company and decided that if we're going to be in business in the year 2000, we have to make some changes for a more contemporary identity," said Jeffrey Ross, president of the Stoughton, Mass.-based drug chain.

Thayer charged a Newton, Mass., design firm, Selame Design, with the job of sprucing up the 45-year-old chain's image among consumers in the Greater Boston Area suburbs where Thayer's operations are based.

The first task for the design firm was to develop a contemporary logo and a new consumer ad theme for Thayer. The result is a bold Thayer graphic with a red cross in the letter "a"

Continued on page 66

An aisle of greeting cards and a lower pharmacy counter marks the new Thayer image.

FINANCIAL

Bergen posts record sales and earnings

LOS ANGELES — Bergen Brunswig Corp. announced record sales and earnings for the first quarter ended Nov. 30.

Net earnings from continuing operations increased 17% to $6.2 million, or 49¢ a share, from $5.3 million, or 42¢ a share, in the same previous-year period.

Sales and other revenues for the quarter rose 24% to $493 million from $397 million.

Emil P. Martini Jr., chairman and ceo, said revenue and operating profit increases were partly the result of the Oct. 1 acquisition of the Allen Co., based in Orlando.

Martini also explained that the Medical/Surgical division results continued to be affected by sluggishness in the health care and hospital industry. "Earnings," he said, "are running behind the prior year. Development of new business with alternative sites for health care delivery is in progress."

Martini said the company was "especially pleased with the excellent results from Commtron Corp., the company's consumer electronics division, which continues to run well ahead of the plan."

In a related development, Synergex Corp., which has signed a definitive agreement providing for the merger of Synergex with a wholly owned subsidiary of Bergen Brunswig, announced results for the first fiscal quarter.

Sales for the period increased 29% to $95.9 million from $74.2 million for the comparable previous-year quarter. Net earnings for the quarter increased 48% to $1.4 million from $917,000 a year earlier. Earnings per share were up 15% to 31¢ from 27¢.

Under the terms of the merger agreement with Bergen Brunswig, Synergex shareholders will receive $18 per share.

		STOCK PRICE							TREND TO MARKET				EARNINGS/SHARE					P/E	DIVIDENDS			FINANCIAL POSITION				
		From 12/14/84 - 12/31/84							Price Trend (% per day)		Volume Trend (% per day)			Latest 12 Months vs Preceding 12 Months Change					Indicated Dvd. rate						Last Fiscal Year (Per Share)	
					Change		52-Week															Last Fiscal Year				
Name	Symbol	High	Low	Close	Amt	Pct	High	Low	Last 30 Days	Last 5 Days	Last 30 Days	Last 5 Days	Last Fiscal Year	Amt.	Pct	5-Year Annual Growth Rate	Profit Margin	Latest P/E Ratio	Amt.	Yield	Last X-Dvd. Date	Revenue	Earnings	Current Ratio	Long Term Debt	Common Stock Equity
-	-	$	$	$	$	%	$	$	%	%	%	%	$	$	%	%	%	-	$	%	-	$ Mil	$ Mil	-	$	$
Chain Store transactions																										
Am Stores	ASC	40.00	36.63	40.00	3.00	8.11	41.13	26.50	.08	.89	-.72	18.72	3.61	.60 N	17.9	45.0	1.5	10.2	.64	1.6	09-18-84	7983.7	117.9	1.5	12.39	15.26
Begley Co	BGLY	15.50	15.50	15.50	.00	.00	16.50	14.50	-.03	.02	-7.91	.00	1.33	-.07 S	-5.4	-8.0	1.1	12.8	.68	4.4	10-16-84	61.5	.7	1.9	15.55	18.26
Big B	BIGB	11.13	10.63	10.88	.25	2.35	13.25	8.88	-.25	-.26	-3.55	20.27	.53	.14 S	31.1	23.0	3.0	18.4	.00	.0	09-21-83	117.0	3.5	2.3	.18	3.88
Drug Sys	DRGS	3.88	3.75	3.75	-.13	-3.23	7.50	3.25	-.80	-.99	-3.09	19.55	.56	-.32 S	-42.6	NC	2.1	8.7	.00	.0	01-25-84	82.3	1.7	3.0	1.28	5.84
Eckerd, Jack	ECK	29.75	27.25	28.75	.13	.44	29.75	20.25	.09	1.35	-3.86	-31.58	2.27	.36 Q	18.3	5.0	3.3	12.4	1.00	3.5	09-10-84	2622.5	85.4	2.0	2.52	16.47
Fay's Drug	FAY	10.38	9.50	10.13	.25	2.53	13.50	8.38	-.32	.80	-5.49	41.08	.60	.13 N	24.5	46.0	2.6	15.3	.20	2.0	12-21-84	312.4	8.1	1.7	1.78	3.82
Genovese Drug	GDX	13.00	11.25	12.75	1.38	12.09	16.63	11.13	-.43	2.38	1.01	14.61	.96	.25 S	32.0	70.0	2.0	12.4	.20	1.6	12-19-84	193.8	3.9	1.9	2.83	4.92
Hook Drugs	HOOK	21.38	20.50	20.50	-.50	-2.38	28.75	18.00	.20	-.62	-9.42	10.77	2.01	-.26 N	-12.7	6.0	2.7	11.5	1.00	4.9	10-09-84	320.5	8.7	1.7	2.75	10.38
Longs Drg Strs	LDG	45.50	43.25	44.25	.75	1.72	48.88	34.00	.07	-.50	-1.39	-11.96	3.43	.36 N	10.9	10.0	3.0	12.2	1.28	2.9	11-28-84	1214.4	36.4	1.9	.00	21.13
Medicare Glaser	MGCO	4.25	3.50	4.00	-.25	-5.88	9.75	3.50	-.96	1.94	2.69	-30.79	.43	-.07 S	-16.6	125.0	1.4	11.4	.00	.0	00-00-00	76.7	1.1	1.6	1.12	3.32
Pay N Save	PAYN	22.75	22.50	22.50	-.25	-1.10	25.25	14.38	-.08	-.33	1.61	-37.50	2.02	-.23 S	-13.2	.0	2.5	15.0	.60	2.7	08-20-84	1220.5	30.1	2.0	9.01	14.37
Pay Less NW	PAY	23.63	21.75	23.25	1.00	4.49	24.13	14.00	.05	.38	.04	44.66	1.35	.34 S	29.8	4.0	2.9	15.7	.34	1.5	12-17-84	852.9	24.7	1.8	4.62	7.19
Perry Drug	PDS	17.63	16.50	17.63	.50	2.92	18.50	12.38	.20	.42	2.23	5.72	1.02	.45 N	52.9	12.0	1.6	13.6	.28	1.6	12-21-84	285.5	4.5	2.2	2.78	9.75
Revco Drug	RDS	25.13	22.63	24.13	.88	3.76	37.50	22.50	-.48	.68	.79	2.91	2.54	.52 Q	26.0	26.0	4.2	9.6	.80	3.3	11-19-84	2227.5	93.4	2.1	1.08	12.22
Rite Aid Corp	RAD	26.38	25.00	25.38	.13	.50	27.25	17.50	.17	-.34	-2.53	25.24	1.47	.30 S	23.4	29.0	5.1	16.1	.51	2.0	10-09-84	1223.3	62.2	2.3	.49	7.68
Thrifty Cp	TFD	20.13	18.88	19.88	1.13	6.00	21.38	11.50	-.16	-.27	1.02	-6.12	1.40	.27 F	23.8	20.0	2.1	14.2	.52	2.6	11-02-84	1299.3	27.9	1.5	5.39	6.83
Walgreen Co	WAG	45.25	42.75	45.00	1.38	3.15	45.25	28.63	.23	1.04	-1.83	29.99	2.78	.51 F	22.4	42.0	3.1	16.2	.88	2.0	11-07-84	2744.6	85.4	1.7	1.73	13.52
Wholesaler's transactions																										
Bergen Bruns	BBCA	23.25	21.38	22.50	1.00	4.65	27.63	19.00	-.25	.39	-1.31	-16.55	1.86	.26 F	16.2	37.0	1.4	12.1	.32	1.4	10-26-84	1703.4	23.4	1.6	1.08	11.11
Cardinal Distrb	CDIC	13.75	12.25	13.75	1.25	10.00	18.63	12.00	-.28	-.02	-4.14	5.62	1.01	.99 S	NC	NC	1.1	13.9	.00	.0	00-00-00	243.3	2.6	1.8	1.01	6.50
Durr Fillauer	DUFM	13.00	12.75	12.88	.00	.00	16.25	10.25	-.15	-.27	-1.21	9.80	.80	.13 N	17.1	21.0	1.9	14.5	.16	1.2	11-27-84	260.8	5.0	2.3	2.03	6.80
McKesson Cp	MCK	39.88	38.00	38.25	-.50	-1.29	44.25	32.38	-.07	-.22	.29	-3.99	3.25	-.08 S	-2.4	.0	1.5	11.8	2.40	6.3	11-27-84	4260.0	63.0	1.4	10.45	30.25
Foxmeyer Cp	FOXM	22.75	21.00	22.25	.50	2.30	26.50	20.00	-.21	.34	2.23	-27.86	1.27	.07 S	5.3	92.0	1.1	16.0	.00	.0	00-00-00	464.2	5.2	2.0	3.95	11.86
Ketchum	KCH	16.00	14.00	15.25	.88	6.09	20.19	10.09	.05	-.64	2.24	-20.47	.77	-.50 S	-54.3	89.0	.3	36.3	.00	.0	09-24-84	245.1	.8	1.5	6.37	6.74
Owens & Minor	OBOD	13.00	12.00	12.50	.25	2.04	16.00	11.25	-.16	.62	2.77	-12.38	1.41	.05 N	3.9	9.0	1.2	9.4	.36	2.9	12-10-84	255.2	3.0	2.8	5.07	11.69
Spectro Indus	SPO	26.63	24.88	26.63	1.50	5.97	27.88	15.50	-.21	.82	-5.68	19.70	1.78	.72 S	48.9	57.0	1.8	12.2	.14	.5	12-28-84	395.4	7.2	1.7	2.46	8.88
Manufacturer's transactions																										
Abbott Labs	ABT	42.75	40.63	41.75	1.13	2.77	48.75	36.75	-.01	-.11	-2.23	-.80	2.86	.50 N	18.5	25.0	11.9	13.0	1.20	2.9	10-09-84	2927.9	347.6	1.9	4.00	11.71
Am Home Prod	AHP	52.50	50.38	50.50	-1.50	-2.88	55.75	46.75	.11	-.56	-.32	15.93	4.00	.41 N	10.5	15.0	12.9	11.8	2.64	5.2	11-06-84	4856.5	627.2	3.0	.00	13.14
Baxter Travenol	BAX	13.75	12.50	13.13	.25	1.94	24.38	11.75	.02	.80	-2.82	14.29	1.45	-.18 N	-12.7	18.0	11.8	10.7	.33	2.5	12-03-84	1842.5	218.1	1.7	1.60	8.17
Block Drugs Co	BLOCA	31.25	30.00	31.25	1.25	4.17	31.25	24.28	.34	.00	.21	87.07	3.18	.34 S	11.2	16.0	10.0	9.3	1.00	3.2	11-27-84	238.2	23.9	2.3	2.34	20.08
Bolar Pharm	BLR	24.38	23.13	24.00	.75	3.23	32.00	17.50	.08	.57	-13.47	-7.69	1.15	.18 N	18.7	42.0	19.2	21.1	.05	.2	02-10-84	25.5	4.9	4.9	.00	4.76
Bristol-Myers	BMY	52.63	49.00	52.38	3.13	6.35	52.63	41.00	.21	.04	1.00	-18.73	3.00	.46 N	15.9	19.0	10.4	15.6	2.00	3.8	12-28-84	3917.0	408.0	2.4	.71	13.99
Carter-Wallace	CAR	27.75	25.75	27.63	1.88	7.28	27.88	19.38	.00	.35	-.32	2.26	2.37	1.86 S	265.7	30.0	5.7	10.8	.48	1.7	10-31-84	323.1	18.4	2.4	1.69	21.87
Cooper Labs	COO	13.88	12.88	13.25	-.63	-4.50	27.00	10.38	.02	.10	-2.82	21.17	-.25	-.76 F	-149.0	NC	-2.8	NE	.12	.9	03-12-84	155.9	-4.3	1.9	4.36	13.07
Forest Labs	FRX	15.88	13.25	15.88	2.50	18.69	32.25	11.25	.47	1.66	1.58	4.39	.54	.02 S	3.9	50.0	14.8	30.0	.00	.0	01-14-83	19.6	2.9	8.3	.28	5.42
ICN Pharm	ICN	9.63	8.38	9.25	.13	1.37	9.75	4.88	.10	-.14	-.03	-27.50	.22	-.11 N	-44.0	41.0	5.1	66.1	.00	.0	00-00-00	37.0	1.9	4.3	.20	4.34
Key Pharm	KPH	9.63	8.25	9.38	.75	8.70	20.25	8.00	-.48	2.38	2.62	-9.56	.51	.18 N	40.9	71.0	14.8	15.1	.20	2.1	12-17-84	127.3	18.8	2.1	1.16	1.67
Lilly Eli Co	LLY	67.63	65.00	66.00	.88	1.34	67.63	53.00	.22	-.02	-1.65	7.45	6.13	.79 N	13.4	12.0	15.1	9.9	3.20	4.8	02-08-85	3033.7	457.4	1.9	1.23	28.86
Lee Pharm	LPH	2.88	2.50	2.75	.13	4.76	3.75	2.13	-.16	-1.35	.17	9.75	-.49	.23 N	NE	-92.0	-14.3	NE	.00	.0	00-00-00	7.0	-1.0	2.8	.41	1.53
Marion Labs	MKC	43.50	38.13	43.25	4.50	11.61	43.50	27.25	-.01	.81	1.00	44.24	1.24	.50 Q	56.8	59.0	10.6	31.3	.40	.9	09-12-84	226.4	24.1	2.4	.04	7.05
Merck & Co	MRK	94.00	90.00	94.00	4.13	4.59	97.50	78.25	.20	.30	.29	-20.17	6.10	.52 N	8.6	7.0	13.9	14.4	3.20	3.4	12-03-84	3246.1	450.9	1.7	5.21	32.92
Morton Thiokol	MTI	28.50	25.38	27.38	1.13	4.29	31.38	19.97	-.11	1.34	-3.76	-.06	2.16	.44 Q	24.1	27.0	5.5	12.1	.64	2.3	11-26-84	2001.5	109.8	1.5	2.94	12.50
Mylan Labs	MYLN	25.88	23.00	25.38	2.13	9.14	35.13	8.22	-.01	.05	-1.53	-7.36	.40	.32 S	94.1	107.0	12.7	38.4	.03	.1	08-01-84	36.9	4.7	5.4	.21	1.52
Newport Pharm	NWPH	6.13	5.38	5.63	-.38	-6.25	7.25	2.75	-.66	.22	-3.68	8.61	-.21	-.14 Q	NE	2.0	-26.0	NE	.00	.0	00-00-00	7.7	-2.0	2.6	.22	.93
Pfizer Inc	PFE	42.38	39.63	42.25	2.25	5.63	42.38	29.38	.21	.28	-1.12	-12.85	2.73	.43 N	16.6	18.0	11.9	14.0	1.32	3.1	11-13-84	3750.0	447.1	2.1	3.03	13.67
Reid Prov Labs	REID	3.25	3.00	3.00	-.38	-11.11	4.38	2.75	-.38	-1.20	-1.91	7.42	.12	.02 F	20.0	107.0	6.7	25.0	.04	1.3	12-10-84	13.4	.9	3.1	.02	.92
Robins, AH	RAH	20.88	19.88	19.88	-.25	-1.24	23.25	12.00	-.02	-.64	-1.19	-62.88	2.40	-.98 N	-41.3	9.0	10.3	14.3	.76	3.8	11-19-84	563.5	58.2	3.2	1.36	14.69
Rorer Group	ROR	26.75	25.13	25.25	-.75	-2.88	34.13	25.13	-.43	-.93	5.89	40.25	2.02	.16 N	8.3	10.0	8.9	12.1	1.08	4.3	11-02-84	475.3	42.4	2.0	2.18	10.43
Scherer RP Co	SCHC	10.00	8.75	10.00	1.13	12.68	17.63	8.63	.14	2.24	1.35	-8.88	.52	-.21 S	-29.1	-5.0	2.3	19.6	.32	3.2	09-12-84	171.7	4.0	1.9	4.83	11.14
Searle, GD	SRL	65.50	59.00	64.88	5.50	9.26	65.50	37.50	.31	.92	2.84	5.44	2.39	.70 N	29.7	14.0	12.6	21.3	.52	.8	11-02-84	946.0	119.0	2.4	3.62	14.85
Squibb Corp	SQB	54.38	51.38	53.88	2.38	4.61	54.38	37.50	.12	.08	-.73	26.93	3.31	.37 N	11.5	10.0	9.8	15.1	1.60	3.0	11-09-84	1768.9	173.3	2.4	3.86	23.24
Sterling Drug	STY	29.25	27.50	28.88	-.25	-.86	30.00	23.50	.20	.76	-2.93	-10.37	2.24	.15 N	6.8	7.0	7.2	12.4	1.16	4.0	11-07-84	1901.2	136.8	2.7	1.44	14.96
Syntex Corp	SYN	49.00	46.25	48.63	.75	1.57	56.25	37.75	.03	.95	3.25	-32.07	4.08	-.22 F	-5.1	28.0	14.7	11.9	1.60	3.3	11-02-84	916.5	134.6	2.1	5.36	18.81
Thompson Med	TM	16.00	14.50	15.13	-.38	-2.42	26.50	13.25	-.52	-.81	.48	34.57	1.65	.67 N	42.1	65.0	11.0	6.7	.40	2.6	12-19-84	149.4	16.5	3.2	.00	5.85
Upjohn Co	UPJ	72.13	67.13	70.13	3.00	4.47	72.25	45.00	.22	-.39	-4.97	-.63	5.28	.68 N	13.6	2.0	8.1	12.4	2.56	3.7	10-01-84	1986.1	160.2	2.2	18.02	34.74
Warner-Lambrt	WLA	36.13	34.38	34.75	-.13	-.36	36.75	28.75	.28	-.64	1.87	20.98	2.51	.49 N	21.4	1.0	6.5	12.5	1.48	4.3	11-02-84	3108.3	200.5	1.9	7.53	17.75
Zenith Labs	ZENI	19.50	18.25	19.50	.25	1.30	19.50	12.00	.11	-.02	-7.28	-16.10	.73	-.26 N	-31.7	114.0	7.8	34.8	.00	.0	00-00-00	32.1	2.5	4.6	1.12	5.12

All data is based on sources believed to be reliable, but its accuracy is not guaranteed. Every effort will be made to correct errors, when discovered, in future issues.

Footnotes:

NA - Not Applicable
NC - Not Calculable
NE - Negative Earnings
NM - No Meaningful Figure
Q - First Quarter
S - First 6 Months
N - First 9 Months
F - Fiscal Year

Data and Table Prepared by Media General Financial Services, Inc., Richmond, Virginia 23219

New law should spawn flurry of generic drugs

NEW YORK — When President Reagan signed the Drug Price Competition and Patent Term Restoration Act of 1984 into law, it was amid much confusion about its contents from many members of the pharmaceutical community.

While much of that confusion remains, the bill will still have a major impact on generic and brand name pharmaceutical manufacturers.

Drug analyst Hermant Shah of Mabon, Nugent & Co. sees it as the most important piece of legislation to surface in over 30 years.

"I believe this bill is the most important legislation affecting the branded and generic pharmaceutical industry since the Food, Drug and Cosmetic Amendments of Kefauver-Harris in 1962," said Shah. While portions of the act have been rewritten (see story page 31), F.D.A. Commissioner Frank Young called it only a "down payment" and promised there will be more.

Special report: Generic drugs

"The regulations are sufficiently flexible for us to still examine the mechanisms used to review and process new drug applications," said Young. "We will explore additional methods of drug approval that depart substantially from this classical procedure, including a greater reliance on outside experts."

Young hopes through modification of F.D.A.'s advisory system that F.D.A. will be able to experiment with different models of product approval.

Young says that perhaps one area in which F.D.A. is lacking may be the way changes in regulations are handled.

"In all candor, this process is frequently cumbersome and we need to examine whether other approaches might provide more flexibility when we must act quickly," said Young. "There may be other, better means to the same end."

As expected, the influx of Abbreviated New Drug Applications (ANDA) from generic companies came quickly. On Nov. 26, the first day the ANDA portion of the Waxman bill went into effect, F.D.A.'s Generic Drug division received approximately 200 post-1962 ANDA applications from approximately 15 to 20 manufacturers.

To handle the onslaught, the F.D.A. had to do some reshuffling of staffs and responsibilities. This has led to more than 20 positions slotted for the Generic division.

In addition the agency has set up a steering committee under the direction of Deputy Commissioner Mark Novitch to coordinate all the changes that will have to be made in

Continued on page 46

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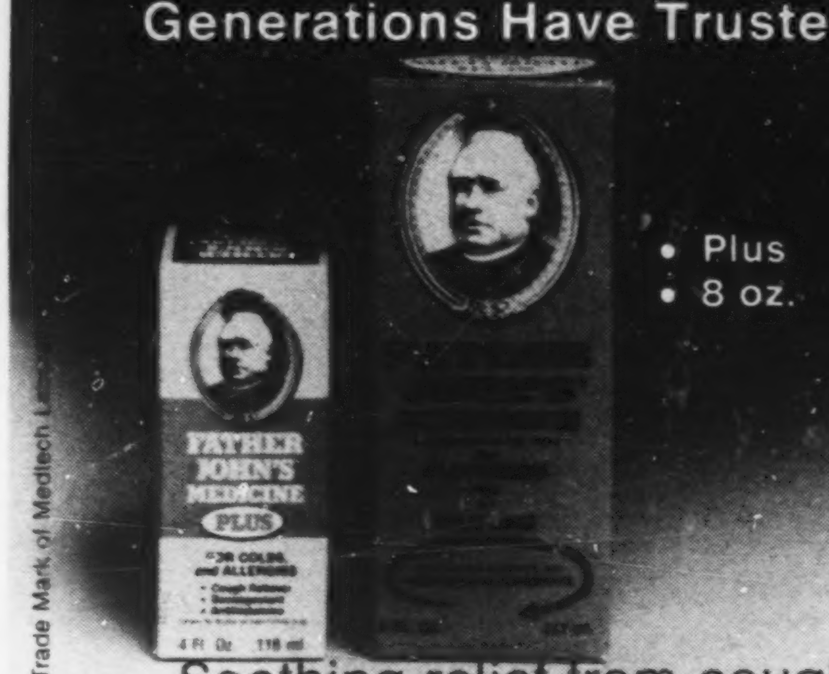

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ALLOPURINOL TABLETS

INDICATIONS AND USAGE: THIS IS NOT AN INNOCUOUS DRUG. IT IS NOT RECOMMENDED FOR THE TREATMENT OF ASYMPTOMATIC HYPERURICEMIA. Allopurinol reduces serum and urinary acid concentrations. Its use should be individualized for each patient and requires an understanding of its mode of action and pharmacokinetics (see CLINICAL PHARMACOLOGY, CONTRAINDICATIONS, WARNING AND PRECAUTIONS). Allopurinol is indicated in the management of patients with signs and symptoms of primary or secondary gout. **CONTRAINDICATIONS:** Patients who have developed a severe reaction to allopurinol should not be restarted on the drug. **WARNINGS:** ALLOPURINOL SHOULD BE DISCONTINUED AT THE FIRST APPEARANCE OF SKIN RASH OR OTHER SIGNS WHICH MAY INDICATE AN ALLERGIC REACTION. In some instances a skin rash may be followed by more severe hypersensitivity reactions such as exfoliative, urticarial and purpuric lesions as well as Stevens-Johnson Syndrome (erythema multiforme exudativum) and/or generalized vasculitis, irreversible hepatotoxicity and on rare occasions death. In patients receiving mercaptopurine or azathioprine, the concomitant administration of 300-600 mg. of allopurinol per day will require a reduction in dose to approximately one-third to one-fourth of the usual dose of mercaptopurine or azathioprine. Subsequant adjustment of doses of mercaptopurine or azathioprine should be made on the basis of therapeutic response and the appearance of toxic effects (see CLINICAL PHARMACOLOGY). A few cases of reversible clinical hepatotoxicity have been noted in patients taking allopurinol and in some patients, asymptomatic rises in serum alkaline phosphatase or serum transaminase have been observed. If anorexia, weight loss or pruritus develop in patients on allopurinol, evaluation of liver function should be part of their diagnostic workup. In patients with pre-existing liver disease, periodic liver function tests are recommended during the early stage of therapy. Due to the occasional occurrence of drowsiness, patients should be alerted to the need for due precaution when engaging in activities where alertness is mandatory. The occurrence of hypersensitivity reactions to allopurinol may be increased in patients with decreased renal function receiving thiazides and allopurinol concurrently. For this reason, in this clinical setting, such combinations should be administered with caution and patients be observed closely. **PRECAUTIONS: General:** An increase in acute attacks of gout has been reported during the early stages of allopurinol administration, even when normal or subnormal serum uric acid levels have been attained. Accordingly, maintenance doses of clochicine generally should be given prophylactically when allopurinol is increased. In addition, it is recommended that the patient start with a low dose of allopurinol (100 mg. daily) and increased at weekly intervals by 100 mg. until a serum uric acid level of 6 mg./dl or less is attained but without exceeding the maximum recommended dose of (800 mg. per day). The use of colchicine or anti-inflammatory agents may be required to suppress gouty attacks in some cases. The attacks usually become shorter and less severe after several months of therapy. The mobilization of urates from tissue deposits which cause flucturtions in the serum uric acid levels may be a possible explanation for these episodes. Even with adequate allopurinol therapy it may require several months to deplete the uric acid pool sufficiently to achieve control of the acute attacks. A fluid intake sufficient to yield a daily urinary output of at least 2 liters and the maintenance of a neutral or, preferably, slightly alkaline urine are desirable to (1) avoid the theoretical possibility of formation of xanthine calculi under the influence of allopurinol therapy and (2) help prevent renal precipitation of urates in patients receiving concomitant uricosuric agents. Some patients with pre-existing renal disease or poor urate clearance have shown a rise in BUN during allopurinol administration. Although the mechanism responsible for this has not been established, patients with impaired renal function should be carefully observed during the early stages of allopurinol administration and dosage decreased or the drug withdrawn if increased abnormalities in renal function appear and persist. Renal failure in association with allopurinol administration has been observed among patients with hyperuricemia secondary to neoplastic diseases. Concurrent conditions such as multiple myeloma and congestive myocardial disease were present among those patients whose renal dysfunction increased after allopurinol was begun. Renal failure is also frequently associated with gouty nephropathy and rarely with allopurinol-associated hypersensitivity reactions. Albuminuria has been observed among patients who developed clinical gout following chronic glomerulonephritis and chronic pyelonephritis. Patients with decreased renal function require lower doses of allopurinol than those with normal renal function. Lower than recommended doses should be used to initiate therapy in any patients with decreased renal function and they should be observed closely during the early stages of allopurinol administration. In patients with severely impaired renal function or decreased urate clearance, the half-life of oxipurinol in the plasma is greatly prolonged. Therefore, a dose of 100 mg. per day or 300 mg. twice a week, or perhaps less, may be sufficient to maintain adequate xanthine oxidase inhibition to reduce serum urate levels. Bone marrow depression has been reported in patients receiving allopurinol; most of whom received concomitant drugs with the potential for causing this reaction. This has occurred as early as six weeks to as long as six years after the initiation of allopurinol therapy. Rarely a patient may develop varying degrees of bone marrow depression, affecting one or more cell lines, while receiving allopurinol alone. **Information for Patients:** Patients should be informed of the following: (1) They should be cautioned to discontinue allopurinol and to consult their physician immediately at the first sign of a skin rash, painful urination, blood in the urine, irritation of the eyes, or swelling of the lips or mouth. (2) They should be reminded to continue drug therapy prescribed for gouty attacks since optimal benefit of allopurinol may be delayed for two to six weeks. (3) They should be encouraged to increase fluid intake during therapy to prevent renal stones. (4) If a single does of allopurinol is occasionally forgotten, there is no need to double the dose at the next scheduled time. (5) There may be certain risks associated with the concomitant use of allopurinol and dicumarol, sulfinpyrazone, mercaptopurine, azathioprine, ampicillin, amoxicillin and thiazide diuretics, and they should follow the instructions of their physician. (6) Due to the occasional occurrence of drowsiness, patients should take precaution when engaging in activities where alertness is mandatory. (7) Patients may wish to take allopurinol after meals to minimize gastric irritation. **Laboratory Tests:** The correct dosage and schedule for maintaining the serum uric acid within the normal range is best determined by using the serum uric acid level as an index. In patients with pre-existing liver disease, periodic liver function tests are recommended during the early stages of therapy (see WARNINGS section). Allopurinol and its primary active metabolite oxipurinol are eliminated by the kidneys; therefore, changes in renal function have a profound effect on dosage. In patients with decreased renal function or who have concurrent illnesses which can affect renal function such as hypertension and diabetes mellitus, periodic laboratory parameters of renal function, particularly BUN and serum creatinine or creatinine clearance, should be performed and the patient's allopurinol dosage reassessed. The prothrombin time should be reassessed periodically in the patients receiving dicumarol who are given allopurinol. **Drug Interactions:** In patients receiving mercaptopurine or azathioprine, the concomitant administration of 300-600 mg. of allopurinol per day will require a reduction in dose to approximately one-third to one-fourth of the usual dose of mercaptopurine or azathioprine. Subsequent adjustment of doses of mercaptopurine or azathioprine should be made on the basis of therapeutic response and the appearance of toxic effects (see CLINICAL PHARMACOLOGY). It has been reported that allopurinol prolongs the half-life of the anticoagulant dicumarol. The clinical basis of this drug interaction has not been established but should be noted when allopurinol is given to patients already on dicumarol therapy. Since the excretion of oxipurinol is similar to that of urate, uricosuric agents which increase the excretion of urate are also likely to increase the excretion of oxipurinol and thus lower the degree of inhibition of xanthine oxidase. The concomitant administration of uricosuric agents and allopurinol has been associated with a decreased in the excretion of hypoxanthine and xanthine and an increase in urinary uric acid excretion compared with that observed with allopurinol alone. Although clinical evidence to date has not demonstrated renal precipitation of oxypurines in patients either on allopurinol alone or in combination with uricosuric agents, the possibility should be kept in mind. The reports that the concomitant use of allopurinol and thiazide diuretics may contribute to the enhancement of allopurinol toxicity in some patients have been reviewed in an attempt to establish a cause and effect relationship and a mechanism of causation. The review of these case reports indicates that the patients were mainly receiving thiazide diuretics for hypertension and that tests to rule out decreased renal function secondary to hypertensive nephropathy were not often performed. In those patients in whom renal insufficiency was documented, however, the recommendation to lower the dose of allopurinol was not followed. Although a causal mechanism and a cause and effect relationship have not been established, current evidence suggests that renal function should be monitored in patients on thiazide diuretics and allopurinol even in the absence of renal failure, and dosage levels should be even more conservatively adjusted in those patients on such combined therapy if diminished renal function is detected. An increase in the frequency of skin rash has been reported among patients receiving ampicillin or amoxicillin with allopurinol compared to patients who are not receiving both drugs. The cause of the reported association has not been established. Enhanced bone marrow suppression by cyclophosphamide and other cytotoxic agents has been reported to be increased among patients with neoplastic disease, except leukemia, in the presence of allopurinol. However, in a well-controlled study of patients with lymphoma on combination therapy, allopurinol did not increase the marrow toxicity of patients treated with cyclophosphamide, doxorubicin, bleomycin, procarbazine and/or mechlorethamine. Tolbutamide's conversion to inactive metabolites has been shown to be catalyzed by xanthine oxidase from rat liver. The clinical significance, if any, of this observation is unknown. Chlorpropamide's plasma half-life may be prolonged by allopurinol, since allopurinol and chlorpropamide may compete for excretion in the renal tubule. The risk of hypoglycemia secondary to this mechanism may be increased if allopurinol and chlorpropamide are given concomitantly in the presence of renal insufficiency. **Drug/Laboratory Test Interactions:** Allopurinol is not known to alter the accuracy of laboratory tests. **Pregnancy: Teratogenic Effects: Pregnancy Category C. Reproductive studies have been performed in rats and rabbits at doses up to twenty times the usual human dose (5 mg/kg/day), and it was concluded that there was no impaired fertility or harm to the fetus due to allopurinol. In a mouse study, animals given 100 mg/kg/day showed decreased litter size and increased fetal resorption. It cannot be determined whether this represented a fetal or maternal effect. No effect was seen at 50 mg/kg/day. There is a published report in mice, however, which found that allopurinol was both embryotoxic and teratogenic (there was in increased incidence of both external and skeletal malformations following a single intraperitoneal dose of 50 or 100 mg/kg administered on the 10th or 13th day of gestation). There are, however, no adequate or well-controlled studies in pregnant women. Because animal reproduction studies are not always predictive of human response, this drug should be used during pregnancy only if clearly needed. Experience with allopurinol during human pregnancy has been limited partly because women of reproductive age rarely require treatment with allopurinol. There is one published paper and two unpublished reports of women giving birth to normal offspring after receiving allopurinol during pregnancy. Nursing Mothers:** Allopurinol and oxipurinol have been found in the milk of a mother who was receiving allopurinol. Since the effect of allopurinol on the nursing infant is unknown, caution should be exercised when allopurinol is administered to a nursing woman. **Pediatric:** Allopurinol is rarely indicated for use in children with the exception of those with hyperuricemia secondary to malignancy or to certain rare inborn errors of purine metabolism (See INDICATIONS and DOSAGE AND ADMINISTRATION). **ADVERSE REACTIONS:** Data upon which the following estimates of incidence of adverse reactions are made are derived from experiences reported in the literature, unpublished clinical trials, and voluntary reports since marketing. Past experience suggested that the most frequent event following the initiation of allopurinol treatment was an increase in acute attacks of gout (average 6% in 18 early studies which included 660 patients). An analysis of current usage suggests that the incidence of acute gouty attacks has diminished to less than 1%. The explanation for this decrease has not been determined but may be due in part to initiating therapy more gradually (see PRECAUTIONS and DOSAGE AND ADMINISTRATION). The most frequent adverse reaction to allopurinol is skin rash. Skin reactions can be severe and sometimes fatal. Therefore, treatment with allopurinol should be discontinued immediately if a rash develops (see WARNINGS). Among 55 patients with gout followed prospectively, Rundles observed that 3% of patients developed a type of drug reaction which was predominantly a pruritic maculopapular skin eruption, sometimes scaly or exfoliative. A few patients with the most severe reaction also had fever, chills, arthralgias, cholestatic jaundice, eosinophilia and mild leucocytosis or leukopenia. However, with current usage, skin reactions have been observed less frequently than 1%. Again, the explanation for this decrease is not obvious. The frequency of skin rash among patients receiving ampicillin or amoxicillin and allopurinol concurrently has been reported to be increased (see PRECAUTIONS section). **MOST COMMON REACTIONS**—Probably Causally Related [The incidence of these reactions may be reduced by following recommended usage (see ADVERSE REACTIONS introduction, INDICATIONS, and DOSAGE AND ADMINISTRATION]. **Gastrointestinal:** diarrhea, nausea, alkaline phosphatase increase, SGOT/SGPT increase. **Metabolic and Nutritional:** acute attacks of gout* (see introduction) **Skin and Appendages:** rash, maculopapular rash* * See ADVERSE REACTIONS introduction for further discussion of these reactions. **INCIDENCE LESS THAN 1%**—Probably Causally Related. **Body as a whole:** ecchymosis, fever, headache. **Cardiovascular:** necrotizing angiitis, vasculitis. **Gastrointestinal:** intermittent abdominal pain, gastritis, hepatomegaly, hyperbilirubinemia, vomiting, cholestatic jaundice, hepatic necrosis, granulomatous hepatitis. **Hemic and Lymphatic:** eosinophilia, leukocytosis, leukopenia, thrombocytopenia. **Musculoskeletal:** myopathy, arthralgias. **Nervous:** peripheral neuropathy, neuritis, parasthesia, somnolence. **Respiratory:** epistaxis. **Skin and Appendages:** alopecia, eczematoid dermatitis, pruritus, urticaria, toxic epidermal necrolysis (Lyell's syndrome), erythema multiforme exudativum (Stevens-Johnson syndrome), exfoliative dermatitis, purpura, hypersensitivity vasculitis, lichen planus, onycholysis. **Special Senses:** taste loss/perversion. **Urogenital:** renal failure, uremia (see PRECAUTIONS). **INCIDENCE LESS THAN 1%**—Causal Relationship Unknown. **Body as a whole:** malaise. **Cardiovascular:** vasodilation, peripheral vascular disease, bradycardia, pericarditis, thrombophlebitis. **Gastrointestinal:** anorexia, tongue edema, stomatitis, salivary gland swelling, gastrointestinal bleeding, hemorrhagic pancreatitis, hyperlipidemia. **Endocrine:** diabetes mellitus, gynecomastia (male), infertility (male), hypercalcemia. **Hemic and Lymphatic:** anemia, aplastic anemia, pancytopenia, agranulocytosis, lymphocytosis, reticulocytosis, hemolytic anemia, prothrombin decrease, lymphadenopathy, eosinophilic fibrohistiocytic lesion of bone marrow. **Musculoskeletal:** myalgia. **Nervous:** asthenia, amnesia, decrease in libido, foot drop, confusion, depression, insomnia, optic neuritis, tinnitus, vertigo, dizziness. **Respiratory:** bronchospasm, pharyngitis, rhinitis, asthma. **Skin and Appendages:** skin edema, facial edema, sweating, furunculosis. **Special Senses:** cataracts, macular retinitis, iritis, conjunctivitis, amblyopia. **Urogenital:** nephritis, primary hematuria, albuminuria, impotence. **HOW SUPPLIED:** Allopurinol Tablets, 100 mg. are round, scored white tablets, imprinted RUGBY and 3027. Allopurinol Tablets 300 mg. are round, scored, dark peach colored tablets, imprinted RUGBY and 3028.

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Generic drug approvals

Continued from page 43

F.D.A. rules and procedures to implement the new law.

But personnel may not be the only problem facing the F.D.A. According to one F.D.A. source, workspace at the agency is at a premium.

It was reported that a building across the street from F.D.A. offices is being used to help store the thousands of files currently on hand as well as the additional entries expected.

Special report: Generic drugs

Many generic companies have already told the F.D.A. they expect to file large numbers of ANDA's in the very near future, and they will not come only from well-established generic companies. The regs are expected to spawn new generic companies.

Financial analyst David Saks of Morgan, Olmstead, Kennedy & Gardner forecasts $4.2 million in generic sales of drugs losing patent protection over the next five years. The present market for generic drugs is about $3 billion.

The new law is divided into three major titles of which Title I and II are directly related to ANDA's and patent extensions.

Title I deals specifically with ANDA's and allows for their filing. Highlights of Title I include:

- The F.D.A. will approve an ANDA if the generic compares equally with the brand name in medical indication, active ingredients, route of administration, dosage form, strength, bioequivalency and labeling.
- The ANDA applicant must certify that all patents covering the original drug are invalid or will not be infringed.
- The F.D.A. must approve or disapprove the ANDA within 180 days of initial receipt.
- ANDA's may not be approved for 10 years for a new chemical entity approved between Jan. 1, 1982, and Sept. 24, 1984.
- ANDA's may not be approved for five years for a new chemical entity approved after Sept. 24, 1984.

Title II deals with the granting of patent extensions. Highlights of Title II include:

A patent extension will be granted if the drug is not already off patent and the patent was never extended before.

In addition, the drug requires a premarket review by the F.D.A. Only one patent may be extended and must be filed within 60 days after approval. For a patent issued after Sept. 24, 1984, the period of extension may not exceed five years.

Drugs eligible for ANDA on Jan. 1, 1985

Brand	U.S. 1983 sales*
Inderal	$280
Dyazide	250
Aldomet	175
Diabinase	120
Lasix	100
Darvocet N	95
Indocin	90
Vibramycin	75
Ativan	75
Aldoril	75
Tolinase	70
Theo-Dur	60
Procan SR	60
Catapress	55
Triavil	55
Dalmane	50
Hygroton	42
Ortho-Novum 35-28	40
Tegretol	40
Ortho-Novum 50-21	37
Nolvadex	35
Zyloprim	35
Ortho-Novum 35-21	35
Synthroid	35
Nitrobid	30

*in $ millions
Source: Mabon, Nugent & Co.

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Merchandiser: Preview of summer seasonals—p. 11

Pharmacy: New Medicaid reimbursement sought—p. 31

Continuing Education: Detection and treatment of VD—p. 23

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K mart offers $500 million for Pay Less NW

By Bruce Buckley

WILSONVILLE, Ore. — K mart Corp. began a tender offer to acquire Pay Less NW for $500 million in cash, the largest sum ever paid for a chain drug company.

Pay Less chairman Ed Hart, who announced the merger agreement jointly with K mart chairman Bernard M. Fauber, said the present Pay Less management would continue to operate the chain.

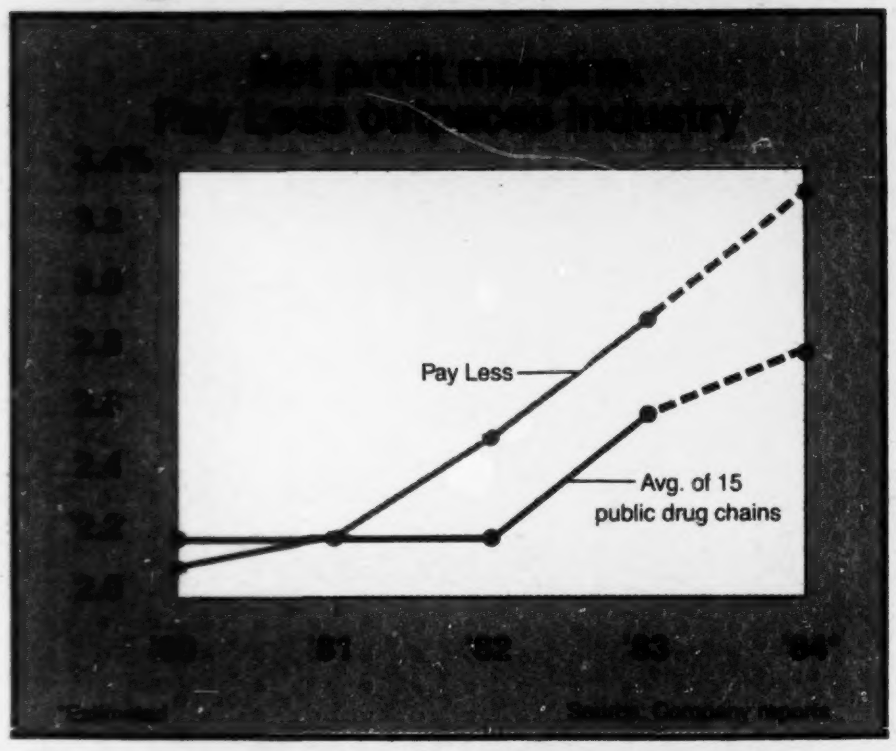
In capping its diversification program with the Pay Less acquisition, K mart is acquiring one of the best-run drug chains in the country.

The Wilsonville, Ore.-based company, which operates 164 drug stores in five Western states—almost all of them super stores in the 30,000-sq.-ft. range—has been turning in outstanding performances for more than a decade. The results have been particularly strong in the past three years, when other retail companies were being battered by the faltering economy in the Pacific Northwest.

For the nine months ended Oct. 31, Pay Less' earnings were up 27% to $15.3 million, or 83¢ a share. Analysts who follow the chain predict that year-end earnings will come in at a minimum of $1.60 a share, or about 20% above last year. In the first nine months, K mart has recorded net earnings of $295 million on sales of $14.2 billion.

K mart's tremendous cash flow is expected to provide an assist to Pay Less' growth plans. One of the primary growth vehicles is expected to be the downsized version of its super drug store prototype, the first of which opened last year in Sequim, Wash. The new Key Drug prototype carries about half the sku's (12,000 to 15,000) of a typical full-line Pay Less. It also operates on a gross margin about three points higher than the average highly promotional Pay Less.

Continued on page 50



Culver new Pay 'n Save president

By Jim Ricchiuti

CLEVELAND — Only six months after taking the reigns at Gray Drug Fair, Mac Allen Culver resigned suddenly to assume the post of president of the Northwest drug store division of Pay 'n Save Corp.

Following Culver's resignation, Sherwin-Williams moved quickly to fill the top slot in its struggling drug store subsidiary. Carl Bellini, group vice president of Sherwin-Williams, was appointed to succeed Culver as president and general manager of Gray.

The sudden departure of Culver represents still another setback for Gray Drug. Bellini is the fourth president to head Gray Drug since Sherwin-Williams acquired the chain four years ago.

However, analysts were cheered by the fact that Sherwin-Williams acted decisively in naming Bellini, who had served as interim president prior to Culver taking the job. "[Sherwin-Williams management] at least knew what they wanted to do and they didn't waste a lot of time trying to find someone else to run the chain," noted one analyst.

By most accounts, Sherwin-Williams was pleased with the performance of the 42-year-

Continued on page 50

Mac Allen Culver
New Pay 'n Save president

Super Rite acquires Baltimore food chain

SHIREMANSTOWN, Pa. — Super Rite Foods Inc., the grocery wholesaler which is 46.8% owned by Rite Aid Corp., has ventured into supermarket retailing with the purchase of the 48-store Food-A-Rama chain in Baltimore.

Food-A-Rama operates 30 stores in Baltimore under the name Food-A-Rama. It also runs six warehouse food outlets there called Super-Super and Cost Saver Warehouse Markets. In Washington, D.C., the chain operates 10 Basics Warehouse food stores and two Super-Super outlets.

The privately held company, which is considered Baltimore's leading supermarket retailer, is projected to generate $385 million in sales for fiscal 1984. The exact terms of the cash acquisition were not disclosed.

Super Rite is expected to benefit directly from Rite Aid's retail experience in Baltimore. Rite Aid, which operates more than 60 drug stores in Baltimore, is the leading drug chain in the $327 million retail drug market.

Given each other's strong food and drug presence in Baltimore, analysts did not rule out that the possibility that Rite Aid and Super Rite could experiment with food drug combination formats. None of the Food-A-Rama stores currently has a pharmacy. However, Rite Aid has some drug stores located alongside some

Continued on page 50

TE NEWS....LATE NEWS....LATE NE

PERRY DRUG STORES will acquire two Sherman drug stores and a home health care unit. The three stores, which generate total sales of more than $6 million a year, are located in suburban Detroit. The drug stores are in Troy and Birmingham, Mich. The home health care store is located in Clawson, Mich. The acquisition will bring Perry's drug store count to 150. The chain will now have two freestanding home health care stores. Perry also operates 161 auto parts stores.

NEWSPAPER

Ricchiuti looks at lawn

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Walgreens aims growth at Sunbelt

CHICAGO — Walgreens, the company that some Wall Street analysts like to refer to as "the best run drug chain in the nation," is planning to open another 100 stores in fiscal 1985.

See related stories p. 2

Most of the planned growth will be in the Sunbelt, primarily in the three "booming" states of California, Florida and Texas.

At the company's recent stockholders' meeting here, chairman and ceo Charles R. Walgreen III described California as the "nation's No. 1 market." He also pointed out that Texas is expected to grow by 32% through the year 2000, nearly double the national growth rate projection of 18%. Florida, he said, will pick up 300,000 new residents in 1985 alone.

"Our expansion strategy remains one of optimum penetration," he said. "California will be one of the hottest retail markets in the United States for the rest of the 80's. We have 44 stores in the Bay Area now and we're the dominant chain in San Francisco with 19 stores."

Walgreen said the company would open 10 more stores in California this year, and added that he'd like Walgreens to be even "more prominent in that market. We like this market," he said, "and our real estate people are looking hard at new locations there."

Special report: Walgreens

In Texas Walgreens already has 164 stores, including 107 in the Houston metro market. Walgreen said he would open another 24 stores in the coming fiscal year, compared to just 10 last year. "We expect to open many more in the future," he added.

Walgreens opened 16 new stores in Florida in fiscal 1984 for a total of 144 stores to date. Walgreen said he'd open 30

Continued on page 50

More food and video items woo customers

Special report: Walgreens

CHICAGO — To increase the frequency of customer visits to its retail drug stores, Walgreens is continuing to expand what management calls "consumable categories."

In 1984, the chain added 40 more "full selection" convenience food departments, while at the same time going chainwide with such relatively new consumable growth lines as video tapes, computer discs and computer paper.

The computer and video accessory lines are seen as good "growth businesses" by Walgreens' president Fred Canning and chairman and ceo Charles Walgreen.

"Accessory electronics," says Canning, is all "plus business. Much of this business didn't even exist five years ago," he says.

"Today 20% of all American households have VCRs and personal computer sales are up 50%. We don't sell the hardware and we don't plan to. But we do sell—very successfully—the blank VCR tapes, computer discs, computer paper and batteries.

"These are the consumables of the 80's, and we're meeting the market aggressively."

Walgreens merchandises the tapes, discs and accessories in its electronics department toward the front of the stores. There is a mix of merchandising, depending on the store. Sometimes the tapes and discs are behind the counter where only a clerk can reach them and sometimes they are hanging from a self-service display.

"Of course, it's better for sales if they are in a self-service display," says a company executive, "and too, the prices are coming down making them more and more an impulse item. There are also more manufacturers getting into the business." Walgreens has evolved a rough rule of thumb for moving into a consumables accessory market.

"As soon as there are one to one and a half million units of any "hardware" piece sold in America," says marketing vp Vern Brunner, "we start to look at replacement parts. We don't plan to be a major retailer of higher ticket hardware, but we are a source of supply and increasingly so for the category's consumable pieces."

Brunner called electronics, both the accessories and the smaller appliances like radios, calculators, batteries and hairdryers "a very profitable business."

Company executives say convenience foods are also quite profitable as well as excellent traffic builders in the right location.

The company has been installing full selection convenience food departments as well as limited section

Continued on page 50

One-hour photo processing is a snap in Chicago store

CHICAGO — Walgreens has begun testing one hour photo processing in an exceptionally high-volume high-traffic store here on State and Madison Streets.

The test, which is just a little over two months old, has proven "promising," according to Walgreens' president Fred F. Canning, but Canning also says it would be "premature" to consider expanding the test "because one hour photo processing is very expensive to get into and the location where we are conducting the test is "quite unique."

Canning describes the State and Madison store as sitting on "one of the busiest corners in Chicago. "If the test isn't successful in this store," he said, "it won't be successful anywhere."

PHOTO CENTER

Photo services, strategically located by entrance of a Chicago Walgreens, lures customers.

"We like what we've seen in the first few weeks," he said, "but we launched the test during the busy holiday season and we still have to see how the department will perform under ordinary conditions."

The 800-sq.-ft. department is located in one of the biggest stores in the Walgreens' system. Most Walgreens stores average about 10,000 sq. ft. to 15,000 sq. ft., but the State and Madison store is 20,000 sq. ft. "It has the space to permit us to test something like this," says Canning.

The new department was added as part of a major remodeling of the store. A cafeteria in the basement was taken out and the photo processing equipment was put in.

Walgreens has been a leader in the retail drug chain's recent expansion into the photo processing market.

Walgreens currently offers next day photo processing services in all stores plus the chain is also testing seven

Continued on page 48

Productivity rises as WIN expands

CHICAGO — Walgreens, the industry leader in computerization of store operations, is installing microcomputers in store offices as part of a new administration system called WIN (Walgreens Information Network).

The system is currently in operation in 100 Chicago stores where it is being used to handle daily sales/cash reports, and payroll and time and attendance records.

So far, savings are averaging between 15 to 20 hours a week, management says.

Fred Canning, Walgreens' president, calls the time savings to date "real productivity" and he says Walgreens wants the WIN system in every store by 1989.

"The communication capabilities of a system like this are very impressive," he says. "And very important to a widespread operation like ours."

Walgreens was the first of the major drug chains to go on-line chainwide with interactive on-line pharmacy computers.

Canning calls Walgreens' Intercom pharmacy computer system "one of the biggest steps we took this past decade. With it, we definitely crossed the chasm into the computer age."

Because each Walgreens' prescription is recorded in the company's master computer in Chicago, a pharmacist in any store in the system can access a customer's prescription records from anywhere in the nation.

In addition, customers in the nine markets where Walgreens has 24-hour stores can also get their prescription filled any hour of the day or night whether they patronize that store regularly or not.

"Because of the computer," says Canning, "pharmacists have every customer's prescriptions at their fingertips."

In other technological innovations, Walgreens is also rolling out a chainwide credit card system designed to speed credit card authorizations at the store level. Management says the system, which will use technological communications already in place, will provide "substantial reductions in annual credit card service fees."

Like a number of other retail drug chains, Walgreens also began testing scanning in 1984 in cooperation with a national research firm.

Walgreens is using the information gleaned from its participation in the test to study the feasibility of eliminating price marking as well as to learn how much more efficient scanning can be at capturing product movement information at the individual item level.

News in brief

Snowstorm dampens conference

SAN ANTONIO — The first snowstorm to hit San Antonio "in 100 years" put a slight crimp in the turnout for this year's NACDS Small Chain Conference.

Just about 60 attendees, about 55% of those expected, battled their way through closed airports and icy roads to be at the conference, but those who got there said it was well worth their trouble.

"I came down here to learn and I am learning," said Bob Begley, president of Begley Drug. "This conference always provides a good opportunity to meet and exchange ideas. This year I may be talking to less people, but I'm talking with them longer."

Among the highlights at the convention were the following: Revco's Al Sebok, vp of store operations, analyzed ways to recruit and keep pharmacists while Murray Raphel of Murray Raphel Advertising highlighted strategies for making retail ads "more provocative, appealing and effective."

Wellby opens Portland Combo

PORTLAND, Me. — Wellby Super Drug Stores has opened its second convenience/drug combo. The 7,500-sq.-ft. unit was opened recently in downtown Portland. About 5,000-sq.-ft. of the space is devoted to standard drug store fare; the rest of the space is allocated to convenience foods.

Supermarkets General expands

WOODBRIDGE, N.J. — Supermarkets General Corp. has established a $150 capital expenditures fund for 1985 that includes money for opening 12 to 15 drug stores, as many as half of which will be deep discounters. The company operates deep-discount drug stores under the Pathmark and Heartland logos in Baltimore and New England, respectively. Also planned are five to seven Pathmark Super Center combo stores, three to five Purity Supreme supermarkets and one Purity Supreme combo, and four to five Rickel Home Centers.

Index

Classified 48
Financial 7
Merchandiser 11
Pharmacy 31
Pharmacy product update 40

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FINANCIAL

189-store operation

Longs' sales, earnings rise

WALNUT CREEK, Calif. — Longs Drug Stores Inc. reported record sales and earnings for the third quarter and nine months ended Oct. 25.

Net income at the company's 189 outlets rose to $8.4 million, a 10% increase over the $7.7 million for the same quarter last year. This increase translates to 79¢ per share for the third quarter compared to 72¢ for the same quarter a year before.

At the same time, sales jumped 13% to $327.6 million from $290.6 million during the quarter in the prior year.

During fiscal 1985's first nine months, Longs showed an 11% increase in sales to $959 million, compared to $864.6 million for the same period the previous year.

Net income for the period rose 9% to $27.4 million from $25 million last year. Per share earnings for the 39-week period increased from $2.36 to $2.57.

Longs is currently in the midst of an aggressive expansion program. Eleven new stores have opened this fiscal year, more than double the number of new stores added the year before. Another 10 stores are under construction, two of which should be ready before the end of this fiscal year, while 16 new openings are planned for next year.

Thrifty income up 20%

LOS ANGELES — Thrifty Corp. registered a 20.1% rise in net income for the first quarter ended Nov. 30. Earnings totaled $3.7 million, or 19¢ a share, compared with $3.1 million, or 16¢ a share, for the same period the previous year.

Sales for the three-month period were $308 million as opposed to $286.2 million for the period a year before, a 7.7% increase.

Thrifty Drug and Discount "same-store" sales, which do not include sales of stores opened during the last two fiscal years, were up 6.8%.

The loss of Trak Auto West Inc., 50% owned by Thrifty, combined with the earnings of Crown Books Corporation, 34% owned by Thrifty, reduced the corporation's income before taxes for the three months ended Nov. 30 by $800,000 in each year.

		STOCK PRICE							TREND TO MARKET				EARNINGS/SHARE					P/E	DIVIDENDS			FINANCIAL POSITION				
		From 12/28/84 - 01/14/85							Price Trend (% per day)		Volume Trend (% per day)			Latest 12 Months vs Preceding 12 Months Change					Indicated Dvd. rate			Last Fiscal Year			Last Fiscal Year (Per Share)	
					Change		52-Week																			
Name	Symbol	High	Low	Close	Amt	Pct	High	Low	Last 30 Days	Last 5 Days	Last 30 Days	Last 5 Days	Last Fiscal Year	Amt.	Pct	5-Year Annual Growth Rate	Profit Margin	Latest P/E Ratio	Amt.	Yield	Last X-Dvd. Date	Revenue	Earnings	Current Ratio	Long Term Debt	Common Stock Equity
-	-	$	$	$	$	%	$	$	%	%	%	%	$	$	%	%	%	-	$	%	-	$ Mil	$ Mil	-	$	$
Chain Store transactions																										
Am Stores	ASC	44.88	38.25	44.25	5.75	14.94	44.88	26.50	.49	.81	.29	-27.16	3.61	.60 N	17.9	45.0	1.5	11.2	.64	1.4	12-19-84	7983.7	117.9	1.5	12.39	15.26
Begley Co	BGLY	15.50	15.50	15.50	.00	.00	16.50	14.50	-.10	-.80	3.87	.00	1.33	-.07 S	-5.4	-8.0	1.1	12.8	.68	4.4	01-14-85	61.5	.7	1.9	15.55	18.26
Big B	BIGB	12.50	10.75	12.13	1.38	12.79	12.50	8.88	.14	1.17	-.89	-26.21	.53	.14 N	29.7	22.0	3.0	19.9	.00	.0	09-21-83	117.0	3.5	2.3	.18	3.88
Drug Sys	DRGS	3.88	3.50	3.88	.13	3.33	7.25	3.25	-.40	1.38	-5.88	12.22	.56	-.32 S	-42.6	NC	2.1	9.0	.00	.0	01-25-84	82.3	1.7	3.0	1.28	5.84
Eckerd, Jack	ECK	29.63	27.50	29.50	1.00	3.51	29.75	20.25	.08	.32	1.08	8.18	2.27	.36 Q	18.3	5.0	3.3	12.7	1.00	3.4	12-10-84	2622.5	85.4	2.0	2.52	16.47
Fay's Drug	FAY	10.38	9.75	10.00	.25	2.56	12.50	8.38	-.09	-.86	-1.08	20.33	.60	.13 N	24.5	46.0	2.6	15.2	.20	2.0	12-21-84	312.4	8.1	1.7	1.78	3.82
Genovese Drug	GDX	13.00	12.50	12.75	-.13	-.97	16.63	11.13	.22	-1.20	2.11	11.93	.96	.25 S	32.0	70.0	2.0	12.4	.20	1.6	12-19-84	193.8	3.9	1.9	2.83	4.92
Hook Drugs	HOOK	20.75	19.75	20.00	-.50	-2.44	27.50	18.00	-.37	-.43	-.86	46.36	2.01	-.26 N	-12.7	6.0	2.7	11.2	1.00	5.0	01-09-85	320.5	8.7	1.7	2.75	10.38
Longs Drg Strs	LDG	46.00	43.25	46.00	2.00	4.55	48.00	34.00	.02	.28	-2.15	-.74	3.43	.36 N	10.9	10.0	3.0	12.6	1.28	2.8	11-28-84	1214.4	36.4	1.9	.00	21.13
Medicare Glaser	MGCO	4.00	4.00	4.00	.00	.00	9.75	3.50	-.69	-.80	3.92	94.05	.43	-.07 S	-16.6	125.0	1.4	11.4	.00	.0	00-00-00	76.7	1.1	1.6	1.12	3.32
Pay N Save	PAYN	22.50	22.38	22.50	.00	.00	23.63	14.33	-.17	-.82	.79	-75.47	2.02	-.23 S	-13.2	.0	2.5	15.0	.60	2.7	08-20-84	1220.5	30.1	2.0	9.01	14.37
Pay Less NW	PAY	27.50	22.75	27.50	4.75	20.88	27.50	14.00	.44	3.54	9.79	46.96	1.35	.34 S	29.8	4.0	2.9	18.6	.34	1.2	12-17-84	852.9	24.7	1.8	4.62	7.19
Perry Drug	PDS	17.75	16.13	17.00	-.25	-1.45	18.38	12.38	-.13	.56	1.98	22.28	1.02	.45 N	52.9	12.0	1.6	13.1	.28	1.6	12-21-84	285.5	4.5	2.2	2.78	9.75
Revco Drug	RDS	25.00	23.25	24.63	.75	3.14	34.75	22.50	-.12	.69	-2.24	-5.72	2.54	.52 Q	26.0	26.0	4.2	9.8	.80	3.2	11-19-84	2227.5	93.4	2.1	1.08	12.22
Rite Aid Corp	RAD	26.63	24.38	26.50	.88	3.41	27.25	17.50	-.07	1.05	.74	10.40	1.47	.30 S	23.4	29.0	5.1	16.8	.50	1.9	01-08-85	1223.3	62.2	2.3	.49	7.68
Thrifty Cp	TFD	20.50	19.75	20.50	.75	3.80	21.38	11.50	.07	-.62	.44	.17	1.40	.27 F	23.8	20.0	2.1	14.6	.52	2.5	11-02-84	1299.3	27.9	1.5	5.39	6.83
Walgreen Co	WAG	45.38	43.00	45.00	.63	1.41	45.39	28.63	.03	.14	2.04	-15.76	2.78	.51 F	22.4	42.0	3.1	16.2	.88	2.0	11-07-84	2744.6	85.4	1.7	1.73	13.52
Wholesaler's transactions																										
Bergen Bruns	BBCA	23.88	21.88	23.88	1.13	4.95	26.00	19.00	-.03	1.10	-4.61	-21.01	1.86	.29 Q	17.5	33.0	1.4	12.3	.32	1.3	10-26-84	1703.4	23.4	1.6	1.08	11.11
Cardinal Distrb	CDIC	14.75	13.25	14.63	1.38	10.38	17.50	12.00	.41	-.46	-3.58	21.38	1.01	.99 S	NC	NC	1.1	14.8	.02	.1	01-28-85	243.3	2.6	1.8	1.01	6.50
Durr Fillauer	DUFM	13.00	12.25	13.00	.25	1.96	15.25	10.25	-.22	-.20	-3.18	5.65	.80	.13 N	17.1	21.0	1.9	14.6	.16	1.2	11-27-84	260.8	5.0	2.3	2.03	6.80
McKesson Cp	MCK	39.00	38.00	38.50	.38	.98	41.63	32.38	-.13	-.96	5.23	14.93	3.25	-.08 S	-2.4	.0	1.5	11.8	2.40	6.2	11-27-84	4260.0	63.0	1.4	10.45	30.25
Foxmeyer Cp	FOXM	23.00	21.50	23.00	.75	3.37	25.50	20.00	-.01	.43	2.52	-35.84	1.27	.07 S	5.3	92.0	1.1	16.5	.00	.0	00-00-00	464.2	5.2	2.0	3.95	11.86
Ketchum	KCH	17.00	14.75	16.13	1.13	7.50	20.19	10.09	.32	-1.98	4.20	-67.31	.77	-.50 S	-54.3	89.0	.3	38.4	.00	.0	09-24-84	245.1	.8	1.5	6.37	6.74
Owens & Minor	OBOD	13.50	12.50	13.50	.50	3.85	15.50	11.25	.16	.14	-.94	-64.33	1.41	.05 N	3.9	9.0	1.2	10.2	.36	2.7	12-10-84	255.2	3.0	2.8	5.07	11.69
Spectro Indus	SPO	28.13	25.25	27.38	1.25	4.78	28.13	15.50	.12	.77	6.11	22.43	1.78	.72 S	48.9	57.0	1.8	12.5	.14	.5	12-28-84	395.4	7.2	1.7	2.46	8.88
Manufacturer's transactions																										
Abbott Labs	ABT	42.75	39.88	42.50	1.50	3.66	48.75	36.75	.03	.52	-1.67	-3.52	2.86	.50 N	18.5	25.0	11.9	13.3	1.20	2.8	01-09-85	2927.9	347.6	1.9	4.00	11.71
Am Home Prod	AHP	53.50	50.13	53.25	2.63	5.19	55.75	46.75	.01	.04	.03	.20	4.00	.41 N	10.5	15.0	12.9	12.4	2.64	5.0	11-06-84	4856.5	627.2	3.0	.00	13.14
Baxter Travenol	BAX	13.75	12.88	13.50	.50	3.85	22.25	11.75	.24	-.98	-1.66	10.33	1.45	-.18 N	-12.7	18.0	11.8	11.0	.33	2.4	12-03-84	1842.5	218.1	1.7	1.60	8.17
Block Drugs Co	BLOCA	31.25	30.00	30.00	-1.25	-4.00	31.25	24.28	.09	-.96	.82	-20.00	3.18	.34 S	11.2	16.0	10.0	9.0	1.00	3.3	11-27-84	238.2	23.9	2.3	2.34	20.08
Bolar Pharm	BLR	24.50	23.00	24.25	.25	1.04	32.00	17.50	-.06	.39	-5.81	16.38	1.15	.18 N	18.7	42.0	19.2	21.3	.05	.2	02-10-84	25.5	4.9	4.9	.00	4.76
Bristol-Myers	BMY	52.38	49.00	51.38	-.88	-1.67	52.63	41.00	.21	-.53	2.46	15.38	3.00	.46 N	15.9	19.0	10.4	15.3	2.00	3.9	12-28-84	3917.0	408.0	2.4	.71	13.99
Carter-Wallace	CAR	27.75	24.75	25.38	-2.00	-7.31	27.88	19.38	-.17	-1.95	-.03	-13.96	2.37	1.86 S	265.7	30.0	5.7	9.9	.48	1.9	10-31-84	323.1	18.4	2.4	1.69	21.87
Cooper Labs	COO	14.25	13.00	14.25	1.00	7.55	27.00	10.38	-.05	-.36	-.11	-44.10	-.25	-.76 F	-149.0	NC	-2.8	NE	.12	.8	03-12-84	155.9	-4.3	1.9	4.36	13.07
Forest Labs	FRX	17.25	15.50	16.50	1.00	6.45	32.13	11.25	1.02	-.41	.66	-30.91	.54	.02 S	3.9	50.0	14.8	31.1	.00	.0	01-14-83	19.6	2.9	8.3	.28	5.42
ICN Pharm	ICN	9.63	9.00	9.50	.25	2.70	9.75	4.88	.18	-.03	-.10	-9.74	.22	-.11 N	-44.0	41.0	5.1	67.9	.00	.0	00-00-00	37.0	1.9	4.3	.20	4.34
Key Pharm	KPH	11.38	9.13	11.00	1.75	18.92	19.00	8.00	.58	2.38	.27	16.68	.51	.18 N	40.9	71.0	14.8	17.7	.20	1.8	12-17-84	127.3	18.8	2.1	1.16	1.67
Lilly Eli Co	LLY	66.63	64.38	66.63	1.63	2.50	67.63	53.00	.02	-.44	-4.89	2.25	6.13	.79 N	13.4	12.0	15.1	10.0	3.20	4.8	02-08-85	3033.7	457.4	1.9	1.23	28.86
Lee Pharm	LPH	2.88	2.63	2.75	.00	.00	3.75	2.13	.61	.57	-6.78	-4.63	-.49	.23 N	NE	-92.0	-14.3	NE	.00	.0	00-00-00	7.0	-1.0	2.8	.41	1.53
Marion Labs	MKC	45.88	41.00	45.88	4.63	11.21	45.88	27.25	.36	1.06	2.62	25.59	1.24	.50 Q	56.8	59.0	10.6	33.2	.52	1.1	12-14-84	226.4	24.1	2.4	.04	7.05
Merck & Co	MRK	95.00	90.25	94.75	1.50	1.61	97.50	78.25	.10	.22	-.21	9.46	6.10	.52 N	8.6	7.0	13.9	14.5	3.20	3.4	12-03-84	3246.1	450.9	1.7	5.21	32.92
Morton Thiokol	MTI	28.50	26.00	28.25	-.25	-.88	31.38	19.97	.11	.50	-2.65	-13.21	2.16	.44 Q	24.1	27.0	5.5	12.5	.64	2.3	11-26-84	2001.5	109.8	1.5	2.94	12.50
Mylan Labs	MYLN	25.38	24.00	25.00	-.38	-1.48	35.13	8.78	.03	-.63	-1.14	-4.55	.40	.32 S	94.1	107.0	12.7	37.9	.03	.1	08-01-84	36.9	4.7	5.4	.21	1.52
Newport Pharm	NWPH	6.88	5.38	6.88	1.13	19.57	7.25	2.75	-.25	2.60	-2.87	47.43	-.21	-.58 S	-111.5	11.0	-26.0	NE	.00	.0	00-00-00	7.7	-2.0	2.6	.22	.93
Pfizer Inc	PFE	42.38	38.63	41.50	-.50	-1.19	42.38	29.38	.05	.36	.18	4.71	2.73	.43 N	16.6	18.0	11.9	13.7	1.32	3.2	11-13-84	3750.0	447.1	2.1	3.03	13.67
Reid Prov Labs	REID	4.50	3.00	4.38	1.25	40.00	4.50	2.75	.44	4.64	8.91	6.65	.12	.02 F	20.0	107.0	6.7	36.5	.04	.9	12-10-84	13.4	.9	3.1	.02	.92
Robins, AH	RAH	22.25	19.38	22.25	2.13	10.56	22.25	12.00	.16	1.08	-2.01	-20.89	2.40	-.98 N	-41.3	9.0	10.3	16.0	.76	3.4	11-19-84	563.5	58.2	3.2	1.36	14.69
Rorer Group	ROR	27.88	24.00	27.88	2.50	9.85	34.13	24.00	-.35	1.60	2.91	-15.70	2.02	.16 N	8.3	10.0	8.9	13.4	1.08	3.9	11-02-84	475.3	42.4	2.0	2.18	10.43
Scherer RP Co	SCHC	10.00	9.63	9.75	.00	.00	16.50	8.63	.37	-1.14	1.11	52.59	.52	-.21 S	-29.1	-5.0	2.3	19.1	.32	3.3	12-12-84	171.7	4.0	1.9	4.83	11.14
Searle, GD	SRL	65.13	59.13	59.50	-5.50	-8.46	65.50	37.50	-.04	-1.02	2.20	-24.22	2.39	.70 N	29.7	14.0	12.6	19.5	.52	.9	11-02-84	946.0	119.0	2.4	3.62	14.85
Squibb Corp	SQB	54.25	50.75	52.50	-1.50	-2.78	54.38	37.50	-.06	-.41	1.36	.11	3.31	.37 N	11.5	10.0	9.8	14.7	1.60	3.0	11-09-84	1768.9	173.3	2.4	3.86	23.24
Sterling Drug	STY	29.00	27.63	27.88	-.13	-.45	30.00	23.50	-.16	-1.16	-8.67	6.62	2.24	.15 N	6.8	7.0	7.2	12.0	1.16	4.2	11-07-84	1901.2	136.8	2.7	1.44	14.96
Syntex Corp	SYN	51.25	47.50	50.88	2.63	5.44	51.25	37.75	.05	.42	.60	7.05	4.08	-.22 F	-5.1	28.0	14.7	12.5	1.60	3.1	11-02-84	916.5	134.6	2.1	5.36	18.81
Thompson Med	TM	18.13	14.63	17.63	2.88	19.49	26.50	13.25	.38	.33	-4.10	22.82	1.65	.67 N	42.1	65.0	11.0	7.8	.40	2.3	12-19-84	149.4	16.5	3.2	.00	5.85
Upjohn Co	UPJ	71.38	66.75	71.25	.75	1.06	72.25	45.00	.18	-.39	-1.55	7.89	5.28	.68 N	13.6	2.0	8.1	12.6	2.56	3.6	01-04-85	1986.1	160.2	2.2	18.02	34.74
Warner-Lambrt	WLA	36.25	33.38	36.00	.75	2.13	36.75	28.75	.11	.80	1.60	2.04	2.51	.49 N	21.4	1.0	6.5	13.0	1.48	4.1	11-02-84	3108.3	200.5	1.9	7.53	17.75
Zenith Labs	ZENI	19.75	18.63	19.75	.75	3.95	19.75	12.00	.25	-.18	.66	18.04	.73	-.26 N	-31.7	114.0	7.8	35.3	.00	.0	00-00-00	32.1	2.5	4.6	1.12	5.12

All data is based on sources believed to be reliable, but its accuracy is not guaranteed. Every effort will be made to correct errors, when discovered, in future issues.

Footnotes:
NA - Not Applicable
NC - Not Calculable
NE - Negative Earnings
NM - No Meaningful Figure
Q - First Quarter
S - First 6 Months
N - First 9 Months
F - Fiscal Year

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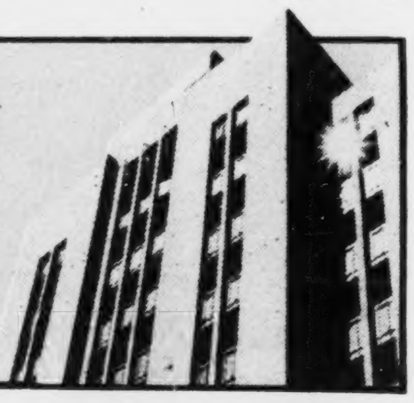
Merchandiser:
Back-to-school gets high marks—p. 39

Special Report:
Over-the-counter conversions—p. 56

Pharmacy:
Chains aid Pitt Rx school—p. 51



DRUG STORE NEWS®

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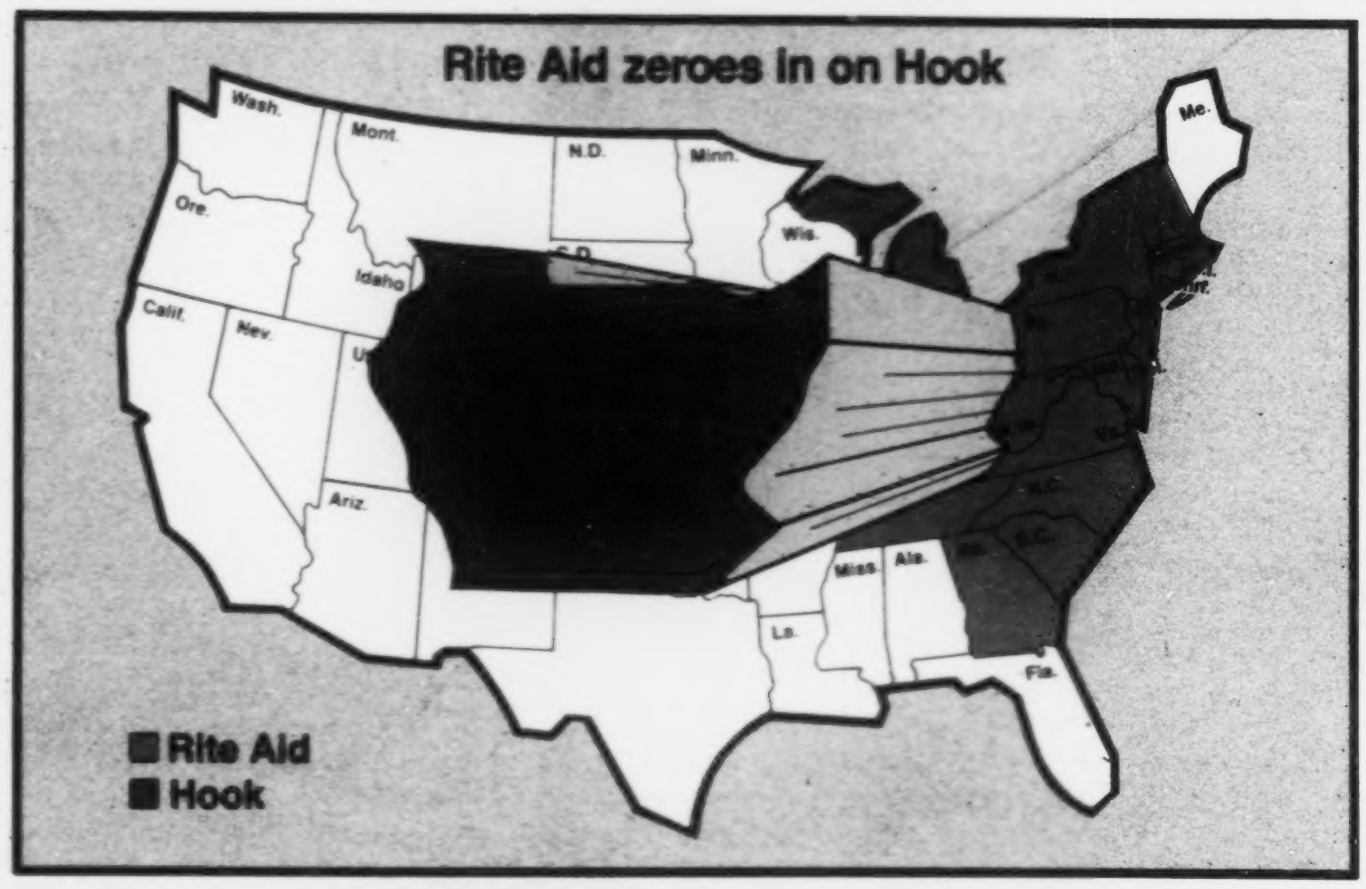
Rite Aid's $136M offer opens bids for Hook



By Jim Ricchiuti

SHIREMANSTOWN, Pa. — Rite Aid's unfriendly $31 a share offer to acquire Hook Drug could spark a bidding war involving other leading United States retailers.

Rite Aid appears to be the leading candidate to acquire the 312-unit Hook drug store chain. If completed, the deal would position Rite Aid as the No. 1 chain in Indiana, where most of Hook's stores are located. The chain also operates stores in Illinois, Kentucky and Ohio.

However, the diversified retailer may end up paying as much as $36 a share to acquire Hook. At $31 a share, Rite Aid would already be paying nearly 17 times earnings.

Through the first nine months of the fiscal year, Hook earned $4.6 million, or $1.09 a share, on sales of $254.5 million. That represented a nearly 18% drop in net earnings from the same period last year. Analysts expect the chain to earn $1.85 a share for 1984.

Officials at Hook Drugs would not comment on the Rite Aid offer, which was set to expire on Feb. 28. Although Hook had enacted a number of antitakeover measures at its recent annual meeting in May, it appeared unlikely that management would attempt to block the takeover.

With time running out, Hook chairman and president J. Douglas Reeves' only viable option may be to prod Rite Aid into sweetening the $136 million tender offer.

Hook, through its investment bankers, Goldman Sachs, was said to be offering the chain to a number of bidders. But sources following the situation said that two United States drug retailers—Eckerd Corp. and Walgreens—declined to enter a bidding war for the 84-year-old chain.

Continued on page 66

Trump keeps tight rein on Pay 'n Save operations

By Lou Karney

SEATTLE — Although Pay 'n Save's three top execs still retain their titles in the wake of the Trump Group's leveraged buyout, their activities are being tightly monitored by Julius Trump, one of two principals of the New York-based investment firm.

Under the new management setup, the chain's three-man top team of chairman Monte Bean, president Ron Erickson and vice chairman Cal Hendricks has been expanded to five with the addition of Trump and Trump Group executive Larry Lowry. Trump acts as the unofficial captain of the team.

Instead of reporting to Bean as in the past, Erickson and Hendricks now report directly to Trump, as does Bean.

In addition, Erickson's sphere of influence is now limited to Bi-Mart, Yard Bird and Pay 'n Save stores in Alaska and Hawaii. Al Culver, former Gray Drug Fair president, is now president of the Northwest drug store division, which covers Washington, California, Idaho, Montana and Wyoming.

Hendricks, the company financial expert, is now in charge of day-to-day operations, and Trump has taken

Continued on page 66

LATE NEWS....LATE NEWS....LATE NE

REVCO D.S. INC. FIRED Bernard Marden and Isaac Perlmutter, chairman and president of Odd Lot Trading Inc., ending the eight-month battle between the parent company and its subsidiary. They were replaced by Leo Kaye, president of Americore Ltd., a company that specializes in close-out and promotional purchases, and Stephen Adler, executive vp at Odd Lot.

CROWN BOOKS AND AFFILIATES (including Dart Group Corp. and Thrifty Corp.) have notified May Department Stores Co. that they intend to buy an undisclosed amount of May shares. Thrifty and Dart Group Corp., each own 34% of Crown Books, which currently operates 170 stores in southern California, Chicago and Washington, D.C. The other affiliates are Trak Auto Corp. and Combined Properties Limited Partnership, Herbert H. Haft and Gloria G. Haft.

Breen details strategy for Gray turnaround

LOS ANGELES — Conceding that Sherwin-Williams had underestimated the difficulty of turning around Gray Drug Fair, S-W chairman John G. Breen outlined a five-step strategy aimed at putting the division firmly in the black.

"When we acquired Gray in 1981," Breen told members of the L.A. Society of Financial Analysts, "we felt we knew something about the drug business. Since then, we learned that we can't buy a poorly managed company and turn it around as quickly as we anticipated."

Breen said that in 1983 Gray's sales accounted for 29% of Sherwin-Williams' sales, but only 4% of the operating income. "Problems continued to plague us in 1984. I'm referring to poor inventory management, inefficient operations at the distribution centers, poor gross margins due to lack of merchandising skills and shortages that affected service levels and therefore margins. We experienced problems with balancing our gross margins, sales and inventory."

Continued on page 66

Cline leaves Jewel

Transition ends

CHICAGO — Richard G. Cline resigned as chairman, president and ceo of the Jewel Cos., marking the end of the transitional period in which the food/drug retailer was merged into American Stores Co.

Prior to the acquisition, Cline had been president of the Jewel Cos. He took on the additional duties of chairman and ceo after Warren Christopherson resigned from the top Jewel post in July following the $1.16 billion sale.

Cline told *Drug Store News* that the "transition has gone very, very well." He said that all the Jewel divisions are now reporting to Salt Lake City.

"Everything works out of Salt Lake City and the [Jewel] divisions have been blended into their style of operations," he noted.

In November American Stores announced plans to consolidate its retail drug divisions in order to achieve "significant economies." The company also said it would begin to unite some of its drug stores in certain markets.

He said the new management "has no interest in changing the cohesive entities

Continued on page 7

Richard G. Cline
"Transition has gone very, very well."

NEWSPAPER

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See page 3

Utah proposal to create 3rd-class of drugs

SALT LAKE CITY — Pharmacists in Utah are pushing for new legislation to prohibit the sale of certain "powerful" over-the-counter drugs by supermarkets and other nonpharmacy outlets in the state.

The measure, which would create a controversial "third-class" of drugs sold without prescription, is pending in Utah's state assembly. The new legislation would also require board licensure of all nonpharmacy OTC retailers in Utah.

Under that provision, the pharmacy board would be required to issue rules setting "minimum standards for the professional responsibility in the conduct of any drug outlet that has employees or personnel engaged in the practice of pharmacy," as well as rules "to regulate the distribution of drugs and devices in outlets where a licensed pharmacist is not required for the protection and promotion of public health, safety and welfare."

The most controversial section of the proposed Utah pharmacy law, however, would empower the board "to establish an additional drug class between prescription status and unlimited over-the-counter drug sale status."

The language of the Utah proposal appears to be patterned after a similar scheme rejected by the Food and Drug Administration late last year which would have established a third class of drugs nationwide.

Both the National Association of Retail Druggists and the American College of Apothecaries had urged F.D.A. to impose such distribution restrictions selectively.

Although the Utah legislation would not limit the state's new drug class to products shifted from prescription to nonprescription status, it would allow the pharmacy board "to protect the public when clinical or scientific data tends to indicate that new or powerful drugs are being sold to the public without benefit of professional counsel."

Significantly, OTC manufacturer groups such as the Proprietary Association as well as some drug chain execs opposed to non-Rx drug-distribution restraints have been bracing for a flurry of state "third-class" proposals this year following F.D.A.'s rejection of the NARD and ACA petitions.

Although Utah is believed to be the only state where such legislation has surfaced so far this year, similar measures may emerge in other parts of the country as additional legislatures open their '85 sessions during the next three months.

News in brief

Pay Less leases warehouse

WILSONVILLE, Ore. — Pay Less NW has leased a 347,000-sq.-ft. warehouse in Sacramento. The facility will service Pay Less' 72 stores in northern California until the chain's $22 million, 500,000-sq.-ft. distribution center in Woodland, Calif., (20 miles west of Sacramento) is completed in 1986.

Drug Emporium opens discount

WORTHINGTON, Ohio — Drug Emporium plans to open five deep-discount stores in Philadelphia this spring and summer, with another 15 planned nationwide by 1986.

The move is part of the company's long-range goal to penetrate the Middle Atlantic and New England regions, according to vp of operations Gary Wilber.

"We want to go in there in an aggressive way, and I am confident about our prospects," Wilber said.

Skaggs changes names to Sav-On

LA HABRA, Calif. — The nameplate of the 14 Skaggs Drug Centers in southern California has been changed to Sav-On.

Twelve of the stores are in Orange County and two are in Bakersfield (100 miles north of Los Angeles). Bakersfield served as the launch pad for Skaggs' entry into southern California a dozen years ago.

Originally, Sav-On had operated two stores in Bakersfield. However, the Mount Vernon unit—across from a Skaggs Drug Center—was closed, and in December 1984, Sav-On opened a new Sav-On store on White Lane (southwest Bakersfield). Thus, at the time of the name-change, there were two Skaggs Drug Centers and two Sav-On's in Bakersfield.

Bi-Mart president retires

EUGENE, Ore. — Jack Phelan, president and one of the founders of the 33-store Bi-Mart membership discount drug division of Pay 'n Save, retired on Feb. 2, 1985. Marty Smith, Bi-Mart's merchandise manager and Phelan's right-hand man, is the new president.

In 1955, Phelan and seven others founded Bi-Mart. The first store opened in Yakima, Wash. New customers still pay a one-time $2 membership fee.

The division operates 28 stores in Oregon and five in Washington.

In 1975, Bi-Mart sold to Pay 'n Save for $9 million.

Index

Classified 66
Financial 6
Merchandiser 39
Pharmacy 51

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Vol. 7, No. 4 February 18, 1985

Duane-Reade, Rite Aid cited in NY OTC drug-dating case

NEW YORK — New York State Attorney General Robert Abrams has filed a civil suit against two major drug store chains that operate stores in New York City and its suburbs.

Duane-Reade Corp. of Long Island City and Rite Aid Corp. of Shiresmantown, Pa., have been charged with violating state and Federal drug-dating laws.

Five other nondrug store retailers and five national drug manufacturers signed agreements with the Attorney General to correct their practices, paying total fines of $42,000. Duane-Reade and Rite Aid both, according to the Attorney General's office, also had the opportunity to sign the agreement, but refused.

The action followed a six-month investigation of 145 retail stores that sell OTCs.

According to the Attorney General, investigators found 93 stores selling a total of 284 outdated products. More than 100 of these products were at least a year out of date, 19 were three years old and one acne cream bore a date of September 1979.

Marvin Sklamberg, counsel for the 25-store Duane-Reade chain said the chain has such a large turnover that there would be "no way that we could sell expired items." He added that if store management did find an outdated item, it could send it back to the manufacturer for credit.

Sklamberg would not discuss the specifics of the suit, except to say that Duane-Reade was not being sued for selling expired OTC products.

Both Duane-Reade and Rite Aid were charged with having "no expiration dates or inconspicuous ones on their private-label products and placing price stickers directly over the dates on national brands."

"Duane-Reade does not manufacture any OTC products," said Sklamberg. "They are manufactured by major companies, and I would think that anything which appears on those cartons would meet all [labeling] requirements."

The five retailers who signed an agreement and paid fines were: F. W. Woolworth, Pathmark, Alexander's, The County Dump and J. W. Mays. They agreed to remove all expired OTC drugs from their inventory and to take reasonable steps to assure that no expired items will be sold in the future.

The five manufacturers—Plough Inc., Norwich Eaton Pharmaceuticals, Burroughs Wellcome Co., Thompson Medical Co. and Richardson-Vicks Inc.—agreed to make expiration dates more legible and conspicuous, including redesigning packaging where necessary.

All other retailers identified in the investigation have been sent letters advising them that failure to comply may subject them to legal action in the future.

Sav-On combos closed; Longs buys script files

FRESNO, Calif. — American Stores closed its five Sav-On food/drug combos in the San Joaquin Valley on Jan. 25 after a two-week "going-out-of-business" sale.

Longs Drugs, operating 17 superdrug stores in the San Joaquin Valley (a 200-mile stretch from Bakersfield to Merced in central California) has purchased the pharmaceutical stock and prescription files of the five stores.

Lucky Stores is negotiating for the purchase of the Merced (47,500 sq. ft.) and Atwater (38,000 sq. ft.) stores, according to a Lucky spokesman.

The five food/drug combos have been marginally profitable since the first one opened in Merced in the fall of 1983. However, both sales and profits dropped during the last two months, after local newspapers reported that the combos were for sale.

Why were the stores closed rather than keeping them open and perhaps getting a higher price? A real estate exec in the Fresno area told *Drug Store News:* "No one was interested in buying them, so American dropped the price. Even then there were no takers. The stores had a lot of money tied up in inventory, so American decided that the merchandise would bring in more dollars with a close-out sale to customers rather than selling it at distressed prices to the new buyer."

In a companion move, American has sold 19 of its 22 conventional Alpha Beta supermarkets in the San Joaquin Valley to independent operators and closed three.

American will also sell the seven conventional Sav-On superdrug stores in the San Jose area—plus the drug/home center combo in South San Francisco. Some of the proceeds from this sale—as well as the proceeds from the five San Joaquin combos—will be used as seed money to build 60,000-sq.-ft. combos in northern California.

The Sav-On combos in the San Joaquin were designed and opened by Jewel Cos., before Jewel sold out to American Stores. All but Atwater (38,000 sq. ft.) are 47,500 sq. ft., whereas American's Skaggs-Alpha Beta food/drug combos are 60,000 to 70,000 sq. ft. However, none of the Skaggs-Alpha Beta combos are in the San Joaquin Valley.

The 60,000- to 70,000-sq.-ft. combo is the size Sam Skaggs has committed to because he feels it can generate maximum sales and profit due to the large mix of nonfoods.

Corrections

The Jan. 7 issue of *Drug Store News* stated that Bill Wood had left Wellby Super Drug. Wood, vp and general manager at the Portland, Me.-based drug chain, will be leaving March 1.

* * *

In the article on Bergen-Brunswig's "ad bag" program in the Jan. 21 issue, an incorrect promotional price was given for Oil of Olay, 4 oz. The correct price was $4.49.

FINANCIAL

Bergen reports increase in sales, earnings

LOS ANGELES—Bergen Brunswig Corporation's net earnings rose 17% for the fiscal quarter ended Nov. 30, 1984, to $6.2 million, or 49¢ per share, from $5.3 million, or 42¢ per share, for the same period last year.

Net sales and other revenues increased by 24% to $493 million, from $397 million for the same period last year.

In the company's drug and health care division, net sales and other revenues rose 21% to $377 million from $311 million a year ago.

Bergen linked the strong showing to its acquisition of the Orlando, Fla.-based Allen Company last October. The move was part of management's announced policy to penetrate the Sunbelt market.

Division sales down

Earnings results in the Medical/Surgical division, however, lagged behind the previous year as profit margins were limited by current regulatory measures and "competitive influences" in the health care and hospital industry, the company said.

On Oct. 4, 1984, Bergen Brunswig and National Intergroup Inc. announced an agreement to merge, subject to the approval of the shareowners of both companies, the receipt of fairness opinions from investment bankers and the submission of filings to various regulatory agencies.

No changes are expected in management, policies or headquarter locations although Bergen Brunswig's name will be replaced by Bergen National Corporation.

Medicare-Glaser earnings fall

ST. LOUIS — Medicare-Glaser reported that sales for the third quarter ended Dec. 31 increased 7.9% to $22.3 million from $20.6 million in the previous-year same quarter.

Net earnings for the quarter declined 35.4% to $380,000, or 13¢ a share, from $588,000, or 23¢ a share, the year before.

For the nine months, sales were up 5.5% to $61.5 million from $58.3 million in the comparable 1983 period. Net earnings for the nine months dropped 33.2% to $661,000, or 22¢ a share, from $990,000.

		STOCK PRICE							TREND TO MARKET				EARNINGS/SHARE					P/E	DIVIDENDS			FINANCIAL POSITION				
		From 01/11/85 - 01/28/85							Price Trend (% per day)		Volume Trend (% per day)			Latest 12 Months vs Preceding 12 Months Change					Indicated Dvd. rate			Last Fiscal Year			Last Fiscal Year (Per Share)	
					Change		52-Week																			
Name	Symbol	High	Low	Close	Amt	Pct	High	Low	Last 30 Days	Last 5 Days	Last 30 Days	Last 5 Days	Last Fiscal Year	Amt.	Pct	5-Year Annual Growth Rate	Profit Margin	Latest P/E Ratio	Amt.	Yield	Last X-Dvd. Date	Revenue	Earnings	Current Ratio	Long Term Debt	Common Stock Equity
-	-	$	$	$	$	%	$	$	%	%	%	%	$	$	%	%	%	-	$	%	-	$ Mil	$ Mil	-	$	$
Chain Store transactions																										
Am Stores	ASC	50.25	43.50	50.13	6.50	14.90	50.25	26.50	.87	.45	.25	-1.80	3.61	.60 N	17.9	45.0	1.5	12.7	.64	1.3	12-19-84	7983.7	117.9	1.5	12.39	15.26
Begley Co	BGLY	15.50	15.00	15.50	.00	.00	16.25	14.50	-.26	-.28	4.20	-69.23	1.33	-.07 S	-5.4	-8.0	1.1	12.8	.68	4.4	01-14-85	61.5	.7	1.9	15.55	18.26
Big B	BIGB	13.25	12.00	13.25	.75	6.00	13.25	8.88	.47	1.40	5.18	11.98	.53	.14 N	29.7	22.0	3.0	21.7	.00	.0	09-21-83	117.0	3.5	2.3	.18	3.88
Drug Sys	DRGS	4.00	3.38	4.00	.25	6.67	7.00	3.25	-.43	3.55	2.81	37.13	.56	-.32 S	-42.6	NC	2.1	9.3	.00	.0	01-25-84	82.3	1.7	3.0	1.28	5.84
Eckerd, Jack	ECK	30.88	28.88	30.63	1.63	5.60	30.88	20.25	.02	.25	.51	-25.68	2.27	.36 Q	18.3	5.0	3.3	13.2	1.00	3.3	12-10-84	2622.5	85.4	2.0	2.52	16.47
Fay's Drug	FAY	12.38	9.88	11.63	1.63	16.25	12.50	8.38	.28	.52	.88	-3.08	.60	.13 N	24.5	46.0	2.6	17.6	.20	1.7	12-21-84	312.4	8.1	1.7	1.78	3.82
Genovese Drug	GDX	14.25	12.63	14.00	1.38	10.89	16.63	11.13	.48	-.63	.52	6.17	.96	.25 S	32.0	70.0	2.0	13.6	.20	1.4	12-19-84	193.8	3.9	1.9	2.83	4.92
Hook Drugs	HOOK	22.00	19.25	22.00	1.50	7.32	27.00	18.00	-.34	1.62	1.90	2.19	2.01	-.26 N	-12.7	6.0	2.7	12.4	1.00	4.5	01-09-85	320.5	8.7	1.7	2.75	10.38
Longs Drg Strs	LDG	48.50	44.75	48.00	3.25	7.26	48.50	34.00	.09	-.13	2.48	-21.23	3.43	.36 N	10.9	10.0	3.0	13.2	1.28	2.7	11-28-84	1214.4	36.4	1.9	.00	21.13
Medicare Glaser	MGCO	5.50	4.00	5.50	1.50	37.50	9.75	3.50	1.22	-.25	6.45	42.89	.43	-.07 S	-16.6	125.0	1.4	15.7	.00	.0	00-00-00	76.7	1.1	1.6	1.12	3.49
Pay N Save	PAYN	23.25	22.50	22.75	.25	1.11	23.63	14.38	-.22	-.73	-2.48	19.44	2.02	-.23 S	-13.2	.0	2.5	15.2	.60	2.6	08-20-84	1220.5	30.1	2.0	9.01	14.37
Pay Less NW	PAY	27.50	26.50	26.75	-.50	-1.83	27.50	14.00	.55	-.17	6.22	-7.32	1.35	.34 S	29.8	4.0	2.9	18.1	.34	1.3	12-17-84	852.9	24.7	1.8	4.62	7.19
Perry Drug	PDS	19.63	16.88	19.38	2.50	14.81	19.63	12.38	.17	-.40	3.72	-23.11	1.02	.45 N	52.9	12.0	1.6	14.9	.28	1.4	12-21-84	285.5	4.5	2.2	2.78	9.75
Revco Drug	RDS	26.38	24.13	26.00	1.25	5.05	33.25	22.50	.05	.28	-2.61	34.40	2.54	.52 Q	26.0	26.0	4.2	10.3	.80	3.1	11-19-84	2227.5	93.4	2.1	1.08	12.22
Rite Aid Corp	RAD	28.75	26.13	28.50	2.25	8.57	28.75	17.50	.09	.33	1.46	-39.94	1.47	.30 S	23.4	29.0	5.1	18.0	.50	1.8	01-08-85	1223.3	62.2	2.3	.49	7.68
Thrifty Cp	TFD	22.25	20.00	22.00	2.00	10.00	22.25	11.50	.06	.95	-2.95	15.05	1.40	.27 Q	23.2	21.0	2.1	15.4	.52	2.4	11-02-84	1299.3	27.9	1.5	5.39	6.83
Walgreen Co	WAG	49.50	44.63	48.75	3.75	8.33	49.50	28.63	.12	.65	2.31	-6.63	2.78	.51 Q	21.5	38.0	3.1	16.9	.88	1.8	02-11-85	2744.6	85.4	1.7	1.73	13.52
Wholesaler's transactions																										
Bergen Bruns	BBCA	26.00	23.25	25.75	2.50	10.75	26.00	19.00	.39	-.11	1.55	-10.77	1.86	.29 Q	17.5	33.0	1.4	13.3	.32	1.2	10-26-84	1703.4	23.4	1.6	1.08	11.11
Cardinal Distrb	CDIC	16.00	14.25	16.00	1.25	8.47	17.50	12.00	.63	.06	.63	21.77	1.01	.99 S	NC	NC	1.1	16.2	.02	.1	01-28-85	243.3	2.6	1.8	1.01	6.50
Durr Fillauer	DUFM	14.75	12.50	14.75	1.75	13.46	15.00	10.25	.14	.58	2.64	-50.21	.80	.13 N	17.1	21.0	1.9	16.6	.16	1.1	11-27-84	260.8	5.0	2.3	2.03	6.80
McKesson Cp	MCK	39.25	37.75	38.13	-.63	-1.61	40.63	32.38	-.29	-.49	1.90	-27.06	3.25	-.08 S	-2.4	.0	1.5	11.7	2.40	6.3	11-27-84	4260.0	63.0	1.4	10.45	30.25
Foxmeyer Cp	FOXM	26.75	22.00	26.75	4.50	20.22	26.75	20.00	.40	1.76	3.54	-8.77	1.27	.07 S	5.3	92.0	1.1	19.2	.00	.0	00-00-00	464.2	5.2	2.0	3.95	11.86
Ketchum	KCH	16.13	14.63	15.00	-1.00	-6.25	17.31	10.09	-.08	.09	-4.19	-20.69	.77	-.50 S	-54.3	89.0	.3	35.7	.00	.0	09-24-84	245.1	.8	1.5	6.37	6.74
Owens & Minor	OBOD	14.50	13.00	14.50	1.00	7.41	15.00	11.25	.28	1.05	-3.46	8.25	1.41	.05 N	3.9	9.0	1.2	10.9	.36	2.5	12-10-84	255.2	3.0	2.8	5.07	11.69
Spectro Indus	SPO	28.75	27.13	28.25	.63	2.26	28.75	15.50	.23	-.23	2.24	47.32	1.78	.72 S	48.9	57.0	1.8	12.9	.14	.5	12-28-84	395.4	7.2	1.7	2.46	8.88
Manufacturer's transactions																										
Abbott Labs	ABT	46.00	41.13	45.75	4.50	10.91	48.75	36.75	.09	.39	.96	-7.49	3.34	.48 F	16.7	28.0	13.0	13.7	1.20	2.6	01-09-85	3104.0	402.6	1.9	4.00	11.71
Am Home Prod	AHP	55.13	51.75	54.13	.88	1.64	55.75	46.75	-.07	-.10	.09	-.53	4.00	.41 N	10.5	15.0	12.9	12.6	2.64	4.9	11-06-84	4856.5	627.2	3.0	.00	13.14
Baxter Travenol	BAX	15.13	13.00	14.88	1.75	13.33	21.88	11.75	.10	2.19	.24	-.66	1.45	-.18 N	-12.7	18.0	11.8	12.1	.33	2.2	12-03-84	1842.5	218.1	1.7	1.60	8.17
Block Drugs Co	BLOCA	30.50	30.00	30.00	-.25	-.83	31.25	24.28	-.36	-.74	-6.72	-27.42	3.18	.34 S	11.2	16.0	10.0	9.0	1.00	3.3	11-27-84	238.2	23.9	2.3	2.34	20.08
Bolar Pharm	BLR	29.63	23.75	29.50	5.88	24.87	32.00	17.50	.27	2.21	6.44	52.27	1.15	.18 N	18.7	42.0	19.2	25.9	.05	.2	02-10-84	25.5	4.9	4.9	.00	4.76
Bristol-Myers	BMY	54.13	50.38	53.88	2.25	4.36	54.13	41.00	-.11	.60	-.93	-1.12	3.00	.46 N	15.9	19.0	10.4	16.1	2.00	3.7	12-28-84	3917.0	408.0	2.4	.71	13.99
Carter-Wallace	CAR	27.88	25.00	27.88	3.13	12.63	27.88	19.38	-.25	.28	1.71	2.92	2.37	1.86 S	265.7	30.0	5.7	10.9	.48	1.7	10-31-84	323.1	18.4	2.4	1.69	21.87
Cooper Labs	COO	14.75	14.00	14.50	.38	2.65	27.00	10.38	.12	-.26	-1.56	16.79	-.25	-.76 F	-149.0	NC	-2.8	NE	.12	.8	03-12-84	155.9	-4.3	1.9	4.36	13.07
Forest Labs	FRX	19.25	16.25	19.00	2.63	16.03	26.00	11.25	.86	.53	-3.90	11.66	.54	.02 S	3.9	50.0	14.8	35.8	.00	.0	01-14-83	19.6	2.9	8.3	.28	5.42
ICN Pharm	ICN	11.38	9.25	11.00	1.50	15.79	11.38	4.88	.38	1.58	1.84	-1.17	.22	-.11 N	-44.0	41.0	5.1	78.6	.00	.0	00-00-00	37.0	1.9	4.3	.20	4.34
Key Pharm	KPH	11.25	10.13	10.25	-1.00	-8.89	17.25	8.00	.69	-1.10	-3.97	8.34	.51	.18 N	40.9	71.0	14.8	16.5	.20	2.0	12-17-84	127.3	18.8	2.1	1.16	1.67
Lilly Eli Co	LLY	71.25	65.00	69.13	3.88	5.94	71.25	53.00	-.05	-.65	-1.55	-3.49	6.13	.79 N	13.4	12.0	15.1	10.4	3.20	4.6	02-08-85	3033.7	457.4	1.9	1.23	28.86
Lee Pharm	LPH	3.25	2.75	3.00	.13	4.35	3.75	2.13	.43	-1.94	-3.87	9.43	-.49	.23 N	NE	-92.0	-14.3	NE	.00	.0	00-00-00	7.0	-1.0	2.8	.41	1.53
Marion Labs	MKC	48.50	44.00	48.25	4.00	9.04	48.50	27.25	.48	.04	1.52	-18.05	1.24	.50 Q	56.8	59.0	10.6	35.0	.52	1.1	12-14-84	226.4	24.1	2.4	.04	7.05
Merck & Co	MRK	96.25	92.25	93.38	.63	.67	97.50	78.25	-.17	-.56	-.86	3.06	6.10	.52 N	8.6	7.0	13.9	14.3	3.20	3.4	12-03-84	3246.1	450.9	1.7	5.21	32.92
Morton Thiokol	MTI	30.50	27.63	30.00	2.13	7.62	31.38	19.97	.24	-.11	-1.74	-9.10	2.16	.44 Q	24.1	27.0	5.5	13.3	.64	2.1	11-26-84	2001.5	109.8	1.5	2.94	12.50
Mylan Labs	MYLN	32.63	24.63	32.63	7.75	31.16	35.13	8.78	.44	3.41	7.47	-7.47	.40	.32 S	94.1	107.0	12.7	49.4	.15	.5	12-24-84	36.9	4.7	5.4	.21	1.52
Newport Pharm	NWPH	6.88	6.00	6.00	-.25	-4.00	7.25	2.75	.23	-2.25	-.80	40.81	-.21	-.58 S	-111.5	11.0	-26.0	NE	.00	.0	00-00-00	7.7	-2.0	2.6	.22	.93
Pfizer Inc	PFE	42.13	38.75	39.63	-.88	-2.16	42.38	29.38	-.32	-.74	.47	2.79	2.73	.43 N	16.6	18.0	11.9	13.1	1.32	3.3	11-13-84	3750.0	447.1	2.1	3.03	13.67
Reid Prov Labs	REID	4.63	3.63	4.63	.25	5.71	4.63	2.75	1.14	4.82	4.99	41.53	.12	.02 F	20.0	107.0	6.7	38.5	.04	.9	12-10-84	13.4	.9	3.1	.02	.92
Robins, AH	RAH	24.38	21.88	23.38	1.63	7.47	24.38	12.00	.40	-.57	-2.20	-11.90	2.40	-.98 N	-41.3	9.0	10.3	16.8	.76	3.3	11-19-84	563.5	58.2	3.2	1.36	14.69
Rorer Group	ROR	29.75	27.00	28.38	1.63	6.07	34.13	24.00	.14	.10	-.58	-44.92	2.02	.16 N	8.3	10.0	8.9	13.6	1.08	3.8	11-02-84	475.3	42.4	2.0	2.18	10.43
Scherer RP Co	SCHC	11.50	9.38	11.38	1.63	16.67	14.75	8.63	.45	1.21	-1.26	-23.33	.52	-.21 S	-29.1	-5.0	2.3	22.3	.32	2.8	12-12-84	171.7	4.0	1.9	4.83	11.14
Searle, GD	SRL	61.63	58.13	60.75	.50	.83	65.50	37.50	-.39	-.10	-1.42	2.56	2.39	.70 N	29.7	14.0	12.6	19.9	.52	.9	11-02-84	946.0	119.0	2.4	3.62	14.85
Squibb Corp	SQB	55.25	51.63	54.75	2.75	5.29	55.25	37.50	-.22	.17	-1.29	-18.04	3.31	.37 N	11.5	10.0	9.8	15.3	1.60	2.9	11-09-84	1768.9	173.3	2.4	3.86	23.24
Sterling Drug	STY	29.25	27.63	28.50	.88	3.17	30.00	23.50	-.28	-.10	2.27	-1.29	2.24	.15 N	6.8	7.0	7.2	12.2	1.16	4.1	11-07-84	1901.2	136.8	2.7	1.44	14.96
Syntex Corp	SYN	53.50	49.50	52.63	2.75	5.51	53.50	37.75	.17	.05	-2.55	-15.36	4.08	-.45 Q	-10.1	22.0	14.7	13.2	1.60	3.0	11-02-84	916.5	134.6	2.1	5.36	18.81
Thompson Med	TM	18.00	15.63	17.00	-.75	-4.23	26.50	13.25	.19	-.08	-1.62	13.38	1.65	.67 N	42.1	65.0	11.0	7.5	.40	2.4	12-19-84	149.4	16.5	3.2	.00	5.85
Upjohn Co	UPJ	75.00	69.75	73.75	3.75	5.36	75.00	45.00	-.09	.22	-3.30	7.78	5.28	.68 N	13.6	2.0	8.1	13.0	2.56	3.5	01-04-85	1986.1	160.2	2.2	18.02	34.74
Warner-Lambrt	WLA	37.88	35.75	37.25	1.50	4.20	37.88	28.75	-.03	-.25	-.35	-25.60	2.51	.49 N	21.4	1.0	6.5	13.4	1.48	4.0	11-02-84	3108.3	200.5	1.9	7.53	17.75
Zenith Labs	ZENI	23.50	19.50	23.50	3.75	18.99	23.50	12.00	.43	.63	2.37	23.64	.73	-.26 N	-31.7	114.0	7.8	42.0	.00	.0	00-00-00	32.1	2.5	4.6	1.12	5.12

All data is based on sources believed to be reliable, but its accuracy is not guaranteed. Every effort will be made to correct errors, when discovered, in future issues.

Footnotes:

NA - Not Applicable
NC - Not Calculable
NE - Negative Earnings
NM - No Meaningful Figure
Q - First Quarter
S - First 6 Months
N - First 9 Months
F - Fiscal Year

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Merchandiser: Retailers respond to baby boom—p. 11

Pharmacy: Rxers want muscle put back in crime law—p. 25

Cosmetically Speaking: Make room for more mousse innovations—p. 39

DRUG STORE NEWS®

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Kroger's 11th-hour offer snares Hook

Food-drug giant passes Rite Aid at wire

By Jim Ricchiuti

CINCINNATI — Kroger Co. has agreed to a friendly takeover of Hook Drugs Inc. in a cash and stock transaction valued at approximately $161 million or $37 a share.

Kroger's emergence as a white knight blocked Rite Aid's unsolicited cash-tender offer for the 312-unit Hook chain. Prior to the joint announcement by Kroger and Hook officials, Rite Aid had sweetened its initial $31 a share bid to $36.50.

According to the terms of the deal, Kroger has received irrrevocable proxies from 10 major shareholders, who control nearly 900,000 shares or approximately 20.6% of the company, to vote in support of the merger. In addition, Hook Drugs has granted Kroger an option to buy 1.3 million shares, or approximately 29.8% of the shares currently outstanding, at $37 a share.

Kroger said it plans to purchase up to 750,000 shares, approximately 17.2% of the shares currently outstanding, of Hook's common stock in open-market and negotiated purchase transactions.

In a joint statement issued with J. Douglas Reeves, Hook chairman and president Lyle Everingham, Kroger's chairman and ceo, said that "it is important that Hook's is able to maintain its strong and visible identities in the communities it serves, and no changes are planned in the company's existing management and organization."

Kroger Co., which operates the country's second largest supermarket chain, also owns SupeRx drug stores, a chain of 620 stores in 20 states.

One of the biggest concerns of Hook officials was that if the chain were acquired by Rite Aid, the chain's stores throughout Indiana, Illinois, Kentucky and Ohio would have been converted to the Rite Aid name.

Analysts also expected widespread changes in management and operations if Rite Aid had acquired Hook.

Continued on page 42

Revco cuts prices in 6 hot markets

By Liz Parks

CLEVELAND—By slashing prices up to 40% on 3,000 health care and health & beauty aid products, Revco is making a dramatic bid to reassert its dominance as the nation's lowest priced outlet for traditional drug store products.

The TV and newsprint ads that broke the last week in January were aimed primarily at the food, mass merchandise and deep-discount drug stores, which have been Revco's most aggressive competition in a number of its markets.

The price reductions are currently in effect in more than 200 drug stores in Cleveland, Detroit, Pittsburgh, Youngstown, Baltimore and Erie, Pa. In each of these markets, Revco faces rugged competition for the HBA and health care dollars.

In addition to the deep-discount stores that were spawned in Ohio and Michigan, Revco competes with the king of mass merchandisers, K mart. Revco also faces stiff competition from food/drug operators such as Giant, Kroger and Pathmark.

"This campaign is not designed to make us competitive against other drug chains," says Marc Dworkin, Revco's vp of marketing. "We're making a statement to the nontraditional drug store market: the deep discounters, the food and drug combo stores, the mass merchandisers, to anyone who's been using traditional drug store products to build a low price image."

Dworkin said that the new pricing strategy does not re-

Continued on page 42

Fay's drops a Rochester price bomb

LIVERPOOL, N.Y. — Fay's Drug has become the nation's second major drug chain to launch a selective price war against food and deep-discount stores while competing for health & beauty aid, cosmetics and over-the-counter drug sales.

In a campaign breaking directly after Revco's newly launched price war against nontraditional drug store competitors, Fay's is advertising price rollbacks on more than 8,100 H&BA and OTC products—every sku in stock.

The rollbacks are being implemented only in the 25 stores Fay's operates in its

Continued on page 41

NEWSPAPER

Revco sends in new team

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F&M price image draws customers from wide radius.

Chain is centrally run

F&M shatters deep-discount myths

WARREN, Mich. — With 18 deep-discount stores open and at least three and possibly five more on the drawing boards for 1985, F&M seems to be disproving the conventional wisdom that their type of discount drug stores can be successfully operated only by on-the-scene entrepreneurial managers who carefully control all buying and pricing.

Since 1978, when Bill Edwards, a former Mattel marketing executive, signed on as president of the deep-discount store company founded by Fred and Margaret Cohen, F&M has been building a management team designed to run the operation as centrally and efficiently as any drug chain.

"From the point when Bill first came in here in 1978 when there were just three stores in the company," says Dick McClean, F&M's vp of operations, "he realized the potential for building an organization.

"We think the business can be run as a chain. We have 18 stores today and we buy for them with a centralized buying staff. We ship special buys, from a central warehouse whenever it helps to reduce our costs.

Most industry sources say that F&M is unique in the constellation of formats known as deep-discount drug stores. In a universe that probably numbers no more than 175 or at most 200 stores that can truly be called deep-discount drug stores, F&M is the company with the second-highest number of stores and the only

Continued on page 42

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Sources say Carls Drug has been put up for sale by IC Industries. IC acquired Carls and P&C Food Markets last year when it purchased the Pneumo Corp. Wendell W. Larsen, a senior vp at IC, denied that the 42-store drug chain and the supermarket chain, were on the block. However, Larsen did not rule out selling the food and drug divisions. "Clearly, we are going to take a look at them and we'll make a decision that's in their best interests and in the best interests of IC Industries," said Larsen.

Leucadia seeks to block Bergen marriage

LOS ANGELES — The battle over the proposed merger between Bergen Brunswig Corp. and National Intergroup Inc. is heating up.

With shareholders of both companies about to vote on the merger, Leucadia National Corp. has mounted a proxy fight to block the deal.

Leucadia, which holds a 7.2% interest in National Intergroup, fired a salvo in the form of a full-page ad in the Feb. 13 edition of *The Wall Street Journal*.

Under a headline reading, "Bergen Brunswig has made an offer you *can* refuse," the ad urged NI shareholders to give their proxies to Leucadia. The New York-based holding company said that if it wins the fight it will attempt to persuade the National Intergroup board to "begin an orderly disposition of its assets or seek higher offers for the company in its entirety."

Leucadia said the deal, in which National Intergroup shareholders will receive 1.225 shares of Bergen Class A common stock for every NI share they hold, favors Bergen over National Intergroup.

The following day, National Intergroup responded with its own full-page ad, this time in *The New York Times*. NI contended that "the advantages and certainties of the merger far outweigh the uncertainties of following the Leucadia course."

The company said the merged company, with its enhanced cash flow, would have the resources to pursue the diversifications efforts "with less risk to our present stockholders."

NI said the primary investment target would be the distribution services area, "which, experience shows, offers strong growth potential."

The ad, which was signed by Howard M. Love, chairman and ceo of National Intergroup, said: "We do not know why it is that Leucadia believes there would be buyers for our steel business when they were not previously there." It also noted that the company would not be able to sell off its parts without the agreement of Nippon Kokan K.K., which owns half of NI's steel business.

In addition, the ad said that Dillon, Read & Co., the investment firm hired to assist the NI board, believes that the stock exchange ratio "is fair to you from a financial point of view."

Bergen shareholders are meeting in Los Angeles on March 4 and National Intergroup shareholders are meeting three days later in Pitts-

Continued on page 41

News in brief

Bean joins Trump Group board

SEATTLE — Monte Bean, chairman and ceo of Pay 'n Save, has joined the board of directors of the Trump Group Acquisition Corp. The Trump Group acquired the Seattle-based company last year in a $370 million leveraged buyout. Julius Trump, chairman of the board of the Trump Group Acquisition Corp., said he was "confident" that Bean would "make an important contribution" in the corporation's search "for other investment opportunities." Trump said Bean would be establishing an office in Seattle for the New York-based investment group.

Steck joins Sav-A-Stop

WINSTON-SALEM, N.C. — Harry Steck, a former senior vp of marketing for Gray Drug Fair, is the new vp of marketing for the Jacksonville, Fla.-based Sav-A-Stop/Hanes DSD company.

In his new post, Steck will be responsible for all merchandising, purchasing and advertising/marketing activities for the company.

Eckerd names vp-advertising

CLEARWATER, Fla. — Kenneth A. Banks has been appointed vp of advertising and sales promotion for the Eckerd Drug Company.

Banks joined the company in 1979 as advertising manager, and has been director of advertising since 1982.

8.8 M Pay Less shares tendered

TROY, Mich. — The First Fidelity Bank of North America has reported that approximately 8.8 million shares, or about 49% of the outstanding shares of common stock of Pay Less Drug Stores Northwest Inc., had been tendered and accepted for payment under K mart's offer for all outstanding shares of Pay Less.

Payment of $27 per share will be made to tendering shareholders.

The tender offer is the first step in the definitive merger agreement providing for the acquisition of Pay Less by K mart.

It is expected that a special meeting of shareholders of Pay Less will be held in late March to consider and vote upon the merger proposal.

Index

Classified 40
Financial 9
Merchandiser 11
Pharmacy 25
Pharmacy Product Update 36

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Vol. 7, No. 5 March 4, 1985

Fazio's launched in Dallas, largest U.S. deep-discounter

MESQUITE, Tex. — John Fazio, a supermarketer for 40 years, opened the country's largest deep-discount drug store in the hotly competitive Dallas area on Feb. 20.

The 65,000-sq.-ft. store, called "Fazio's," opened in the former location of a Gibson's Discount Center. Selling space accounts for 44,000 sq. ft.

Sixty per cent of the store is devoted to OTC, pharmacy, H&BA, cosmetics and audiovisual, with the remaining 40% to promotional dry groceries, hardware, housewares, auto, and other general merchandise lines.

Fazio's approach to food differs from most deep-discounters, who usually stack it high in front to quickly establish a low-price image.

"In this store," says Chuck Fazio, store manager and vp of Jote, the corporation that controls the new store, "you won't see food until you're 25% into the store. The message is that this is no supermarket—but a drug store."

John Fazio, president of Jote, is no stranger to deep-discount drug stores. He was ceo of Fisher Foods until the late 70's when he sold his stock to Fisher and retired.

In December 1982, he opened Jote, a deep-discount drug store in Cleveland, which he still owns. After Fazio sold out to Fisher, Fisher opened several deep-discount drug stores in the Cleveland area under the Jax logo.

Gross margins at Fazio's are in the 18%-20% range. Asked for the break-even point, Chuck Fazio said: "We won't know until 12 months." He did say his opening inventory was $4 million at cost.

The new outlet has drug store fixtures rather than warehouse-type racks because, says Chuck Fazio, "we're trying to project a retail atmosphere."

Fazio adds that there will be no advertising. "We're depending on word-of-mouth," he told *Drug Store News*.

John Fazio says: "We're not in it for money; we're in it for glory."

Fazio may get his glory, but he will also get plenty of competition because Dallas is a hotbed for deep-discounters and food/drug combos.

Drug Emporium operates three deep-discounters in this area, with two more coming in Grand Prairie and Fort Worth. Almost a year ago, Texas Drug Warehouse opened a drug discounter. The operator was a former buyer with Sanger-Harris department store. And Safeway opened its Drug For Less in Dallas in April 1983, and has since added three more.

Then there are the combos. The newest entry is Albertson's, with four 62,000 sq. ft., food/drug combos onstream and four more coming in a few months.

Albertson's stunned the food/drug community by going with everyday discount prices across the board. According to exit interviews, Albertson's is making its deepest inroads in the market share of Skaggs-Alpha Beta, pioneer in combos in Texas and former Albertson partner. Tom Thumb/Page is also a major combo force, as is Kroger.

Then there's Minyard's and its Sack'n Save food warehouse stores with heavy emphasis on H&BA. Sack'n Save's 76,000-sq.-ft. deep-discount combo in Waco, Tex., is one of the largest food/drug combos in the country.

Also there are two conventional drug chains—Revco and Eckerd—that won't roll over for anyone.

So begin the glory days in the Dallas-Fort Worth area.

Deep-discount Price Mart chain will make its debut in Minneapolis

MINNEAPOLIS — Douglas Bablitch, former senior vp at Lewis Drugs in Sioux City, S.D., has launched a new chain of deep-discount stores called Pri¢e Mart.

The first two Pri¢e Mart are scheduled to open in the Oakdale Outlets Center and Eden Prairie Shopping Center in Minneapolis next month. A third store is slated to open in April in Davenport, Iowa, near the Iowa-Illinois border. Each of the stores will feature a race track design.

Ranging from 20,000 sq. ft. to 22,000 sq. ft., the new Pri¢e Marts represent a marked departure from the typical deep-discount H&BA and general merchandise stores, according to Bablitch, president and ceo of the new company, Pri¢e Mart Enterprises.

Unlike its successful predecessors such as Drug Emporium, Marc's and Freddy's, which rely almost exclusively on manufacturers' deal merchandise, half of the merchandise in the Pri¢e Mart stores will be carried on an everyday basis. The remaining 50% will be priced at deeply discounted prices.

Although the stores will not contain pharmacy departments when they open, Bablitch says he is leaning toward leasing out space in the store for prescription departments. However, the stores will be heavy in health & beauty aids, cosmetics and over-the-counter medications.

Douglas Bablitch

The store scheduled to open in Oakdale, directly across from a K mart and Target, will feature eight 16-ft. runs of cosmetics and H&BA, including permanent 16-ft. sections for Maybelline and Cover Girl. Six 16-ft. sections will be allocated for OTC's.

In addition to regularly stocked departments, Bablitch will abandon the pallet-style, bare-bones presentation that other off-price retailers have used effectively over the past few years. The Pri¢e Mart stores will be fully fixtured, well-lit and will even contain luncheon counters.

"There's a market for the other stores," said Bablitch, referring to the growing number of deep-discount drug stores. "But to my knowledge, nobody with a deep discount/mass merchandise store is doing this. What I envision is a

Continued on page 41

FINANCIAL

SupeRx posts increase in sales and earnings

CINCINNATI — The Kroger Co. reported that SupeRx Drug Stores had “significant sales and earnings improvement” for the year ended Dec. 29.

Although pretax operating profits for the drug store divison increased only 4.4% to $28.4 million, Kroger pointed out that the operating profit included a $5.5 million pretax LIFO charge. SupeRx did not use the LIFO method in 1983.

According to Kroger, SupeRx sales for the year increased 8.8% to $859.5 million from $789.6 million the previous year.

Kroger wound up the year with 621 drug stores and expects to build 30 SupeRx units in the current fiscal year.

Overall, Kroger recorded a 23.3% increase in net profits to $156.6 million, or $3.49 a share, from $127.1 million, or $2.76 a share, in 1983.

Sales for the fiscal year increased 4.5% to $15.92 billion, despite the closing of 156 food stores during the year.

The company said that the 1984 sales momentum increased throughout the year, culminating in a record fourth-quarter performance, despite an approximate 5% decline in supermarket square footage during the year. Kroger said the sales momentum had carried through to the early part of 1985.

In the fourth quarter, net earnings rose 34.3% to $56 million, or $1.25 a share, from $41.7 million, or 93¢ a share, in the comparable year-earlier period.

Sales for the quarter increased to $3.87 billion, 2% higher than the $3.78 billion recorded a year earlier.

“To a degree, Kroger's performance in 1984 was aided by more favorable operating conditions,” said Lyle Everingham, Kroger chairman. “But the overriding factor behind Kroger's turnaround was our ability to obtain better, more productive and more profitable performance from all of our retail operations.”

Med-Glaser on NASDAQ

ST. LOUIS — Medicare-Glaser Corp.'s common stock listing was added to the recent expansion of the NASDAQ National Market System, Harlan Steinbaum, chairman and ceo, announced.

Steinbaum said the company's entry to national market system “provides investors with the best of both worlds—the continuous transaction data of the exchanges and the vigorous competition among multiple market makers.”

There are currently six firms making a market in Medicare-Glaser.

		STOCK PRICE							TREND TO MARKET				EARNINGS/SHARE					P/E	DIVIDENDS			FINANCIAL POSITION				
		From 01/25/85 - 02/11/85							Price Trend (% per day)		Volume Trend (% per day)			Latest 12 Months vs Preceding 12 Months Change					Indicated Dvd. rate						Last Fiscal Year (Per Share)	
					Change		52-Week		Last 30 Days	Last 5 Days	Last 30 Days	Last 5 Days	Last Fiscal Year			5-Year Annual Growth Rate	Profit Margin	Latest P/E Ratio			Last X-Dvd. Date	Last Fiscal Year		Current Ratio	Long Term Debt	Common Stock Equity
Name	Symbol	High	Low	Close	Amt	Pct	High	Low						Amt.	Pct				Amt.	Yield		Revenue	Earnings			
-	-	$	$	$	$	%	$	$	%	%	%	%	$	$	%	%	%	-	$	%	-	$ Mil	$ Mil	-	$	$
Chain Store transactions																										
Am Stores	ASC	50.50	49.00	49.25	.13	.25	50.50	26.50	.51	-.36	-3.15	17.80	3.61	.60 N	17.9	45.0	1.5	12.5	.64	1.3	12-19-84	7983.7	117.9	1.5	12.39	15.26
Begley Co	BGLY	15.75	15.50	15.75	.25	1.61	16.25	14.50	-.35	-.15	-2.99	.00	1.33	-.07 S	-5.4	-8.0	1.1	13.0	.68	4.3	01-14-85	61.5	.7	1.9	15.55	18.26
Big B	BIGB	16.50	13.00	15.25	2.25	17.31	16.50	8.88	.81	1.77	7.60	3.15	.53	.50 N	454.5	19.0	3.0	25.0	.00	.0	09-21-83	117.0	3.5	2.3	.18	3.88
Drug Sys	DRGS	4.38	3.88	4.38	.50	12.90	7.00	3.25	.09	1.39	1.46	-2.25	.56	-.57 S	-57.0	NC	2.1	10.2	.00	.0	01-25-84	82.3	1.7	3.0	1.28	5.84
Eckerd, Jack	ECK	32.50	30.00	31.75	1.50	4.96	32.50	20.25	.14	-.42	.33	-27.16	2.27	.36 Q	18.3	5.0	3.3	13.7	1.00	3.1	12-10-84	2622.5	85.4	2.0	2.52	16.47
Fay's Drug	FAY	13.00	11.38	12.25	.25	2.08	13.00	8.38	.60	-.55	-1.26	-17.22	.60	.12 N	22.2	47.0	2.6	18.6	.20	1.6	03-18-85	312.4	8.1	1.7	1.78	3.82
Genovese Drug	GDX	15.88	13.88	15.00	1.00	7.14	16.63	11.13	.42	-.92	-.63	-10.82	.96	.21 N	25.3	111.0	2.0	14.4	.20	1.3	12-19-84	193.8	3.9	1.9	2.83	4.92
Hook Drugs	HOOK	33.75	21.50	33.50	12.00	55.81	33.75	18.00	1.88	-.25	11.64	3.88	2.01	-.26 N	-12.7	6.0	2.7	18.8	1.00	3.0	01-09-85	320.5	8.7	1.7	2.75	10.38
Longs Drg Strs	LDG	55.00	47.50	50.75	2.75	5.73	55.00	34.00	.21	-.21	4.84	-15.75	3.43	.36 N	10.9	10.0	3.0	13.9	1.28	2.5	11-28-84	1214.4	36.4	1.9	.00	21.13
Medicare Glaser	MGCO	6.25	5.50	6.25	.75	13.64	9.75	3.50	1.42	.72	3.12	-17.31	.43	-.07 S	-16.6	63.0	1.4	17.9	.00	.0	00-00-00	76.7	1.1	1.6	1.12	3.49
Pay N Save	PAYN	22.75	22.75	22.75	.00	.00	23.63	14.38	-.35	-.13	-3.79	-43.18	2.02	-.23 S	-13.2	.0	2.5	15.2	.60	2.6	08-20-84	1220.5	30.1	2.0	9.01	14.37
Pay Less NW	PAY	27.00	26.75	26.88	.25	.94	27.50	14.38	.10	-.16	-1.67	-21.90	1.35	.34 S	29.8	26.0	2.9	18.2	.34	1.3	12-17-84	852.9	24.7	1.8	4.62	7.19
Perry Drug	PDS	22.00	19.13	20.88	1.63	8.44	22.00	12.38	.61	-.18	4.36	-19.53	1.02	.31 N	33.6	11.0	1.6	17.0	.28	1.3	12-21-84	285.5	4.5	2.2	2.78	9.75
Revco Drug	RDS	28.38	25.13	27.63	2.38	9.41	33.25	22.50	.20	-.07	1.02	-31.00	2.54	.18 S	8.4	22.0	4.2	12.0	.80	2.9	11-19-84	2227.5	93.4	2.1	1.08	12.22
Rite Aid Corp	RAD	30.50	28.13	28.75	.63	2.22	30.50	17.50	.32	.06	.71	11.60	1.47	.32 N	24.0	11.0	5.1	17.4	.50	1.7	01-08-85	1223.3	62.2	2.3	.49	7.68
Thrifty Cp	TFD	22.88	21.38	22.25	.63	2.89	22.88	11.50	.08	-.24	-2.09	-13.22	1.40	.27 Q	23.2	21.0	2.1	15.6	.60	2.7	02-04-85	1299.3	27.9	1.5	4.46	7.72
Walgreen Co	WAG	54.25	48.50	52.50	3.13	6.33	54.25	28.63	.30	-.11	-1.76	-33.37	2.78	.50 Q	21.0	33.0	3.1	18.2	.88	1.7	02-11-85	2744.6	85.4	1.7	1.73	13.52
Wholesaler's transactions																										
Bergen Bruns	BBCA	28.50	25.50	26.50	.88	3.41	28.50	19.00	.44	-1.78	2.86	-13.02	1.57	.08 Q	5.1	23.0	1.2	16.2	.32	1.2	01-28-85	1703.4	19.6	1.6	1.08	11.11
Cardinal Distrb	CDIC	17.50	15.75	17.50	1.75	11.11	17.50	12.00	.52	.67	3.89	40.02	1.01	.99 S	NC	NC	1.1	17.7	.02	.1	01-28-85	243.3	2.6	1.8	1.01	6.50
Durr Fillauer	DUFM	15.25	14.75	15.00	.25	1.69	15.25	10.25	.41	-.14	2.31	76.60	.80	.13 N	17.1	21.0	1.9	16.9	.16	1.1	11-27-84	260.8	5.0	2.3	2.03	6.80
McKesson Cp	MCK	39.38	37.00	39.25	.88	2.28	40.38	32.38	-.38	-.15	-2.52	-44.09	3.78	-.42 N	-10.7	-1.0	1.6	11.2	2.40	6.1	11-27-84	4260.0	68.7	1.4	10.45	30.25
Foxmeyer Cp	FOXM	28.88	26.75	28.88	2.38	8.96	28.88	20.00	.67	1.32	2.04	11.94	1.27	1.02 S	108.5	122.0	1.1	14.7	.00	.0	00-00-00	464.2	5.2	2.0	3.95	11.86
Ketchum	KCH	15.75	14.88	15.13	.13	.83	17.31	10.09	-.70	.05	-9.39	83.33	.77	-.50 S	-54.3	90.0	.3	36.0	.00	.0	09-24-84	245.1	.8	1.5	6.37	6.74
Owens & Minor	OBOD	15.00	14.00	14.25	-.25	-1.72	15.00	11.25	.08	-.47	-3.21	13.39	1.41	.05 N	3.9	24.0	1.2	10.7	.36	2.5	12-10-84	255.2	3.0	2.8	5.07	11.69
Spectro Indus	SPO	30.13	28.00	28.75	.75	2.68	30.13	15.50	.03	-.43	.88	10.70	1.78	.74 N	47.7	53.0	1.8	12.6	.14	.5	12-28-84	395.4	7.2	1.7	2.46	8.88
Manufacturer's transactions																										
Abbott Labs	ABT	48.25	45.13	46.63	1.38	3.04	48.75	36.75	.26	-.55	1.00	-11.06	3.34	.48 F	16.7	28.0	13.0	14.0	1.20	2.6	01-09-85	3104.0	402.6	1.9	4.00	11.71
Am Home Prod	AHP	56.63	53.25	55.63	2.50	4.71	56.63	46.75	-.06	-.16	-.37	-19.25	4.00	.45 N	11.5	15.0	12.9	12.8	2.64	4.7	11-06-84	4856.5	627.2	3.0	.00	13.14
Baxter Travenol	BAX	15.50	14.25	14.75	-.13	-.84	19.63	11.75	.13	.35	1.21	-10.41	.21	-1.33 F	-86.3	-3.0	1.6	70.2	.33	2.2	12-03-84	1800.4	29.1	1.7	1.60	8.17
Block Drugs Co	BLOCA	30.50	30.00	30.50	.50	1.67	31.25	24.28	-.42	-.12	-6.36	4.29	3.18	.38 N	12.5	15.0	10.0	8.9	1.00	3.3	02-25-85	238.2	23.9	2.3	2.34	20.08
Bolar Pharm	BLR	35.88	28.50	33.00	4.63	16.30	35.88	19.63	1.02	2.14	9.76	19.40	1.15	.18 N	18.7	69.0	19.2	28.9	.05	.2	02-10-84	25.5	4.9	4.9	.00	4.76
Bristol-Myers	BMY	55.13	53.13	54.75	1.38	2.58	55.13	41.00	-.08	.16	-3.20	.68	3.45	.45 F	15.0	20.0	11.3	15.9	2.00	3.7	12-28-84	4189.4	472.4	2.4	.71	13.99
Carter-Wallace	CAR	34.25	27.50	32.75	5.00	18.02	34.25	19.38	.29	2.56	4.21	-7.44	2.37	.31 N	13.4	32.0	5.7	12.5	.48	1.5	10-31-84	323.1	18.4	2.4	1.69	21.87
Cooper Labs	COO	16.38	14.25	16.25	1.50	10.17	27.00	10.38	.17	1.04	.35	-2.97	-.12	-.63 F	-123.5	NC	-1.3	NE	.12	.7	03-12-84	155.9	-2.0	1.9	4.36	13.07
Forest Labs	FRX	19.75	18.00	19.75	1.00	5.33	24.38	11.25	.36	1.02	-1.73	53.68	.54	.03 N	5.5	50.0	14.8	34.6	.00	.0	01-14-83	19.6	2.9	8.3	.28	5.42
ICN Pharm	ICN	11.38	9.63	9.88	-1.25	-11.24	11.38	4.88	.12	-2.54	2.54	-10.20	.22	-.11 N	-44.0	41.0	5.1	70.5	.00	.0	00-00-00	37.0	1.9	4.3	.20	4.34
Key Pharm	KPH	11.75	9.25	11.50	1.13	10.84	17.25	8.00	-.02	1.79	.49	10.41	.51	.18 N	40.9	71.0	14.8	18.5	.20	1.7	12-17-84	127.3	18.8	2.1	1.16	1.67
Lilly Eli Co	LLY	75.75	68.50	73.00	4.38	6.38	75.75	53.00	.10	-.60	2.78	-8.67	6.13	.79 N	13.4	12.0	15.1	11.0	3.20	4.4	02-08-85	3033.7	457.4	1.9	1.23	28.86
Lee Pharm	LPH	9.63	3.00	7.88	4.75	152.00	9.63	2.13	4.21	-1.78	13.82	-21.97	-.49	.23 N	NE	-92.0	-14.3	NE	.00	.0	00-00-00	7.0	-1.0	2.8	.41	1.53
Marion Labs	MKC	54.50	47.38	52.00	4.25	8.90	54.50	27.25	.43	-.13	-1.84	-19.00	1.24	.07 S	6.8	41.0	10.6	47.7	.52	1.0	12-14-84	226.4	24.1	2.4	.04	7.05
Merck & Co	MRK	97.63	92.25	97.00	4.00	4.30	97.63	78.25	-.21	-.12	-.92	-5.53	6.71	.61 F	10.0	6.0	13.8	14.5	3.20	3.3	12-03-84	3559.7	493.0	1.7	5.21	32.92
Morton Thiokol	MTI	30.50	28.13	28.38	-1.38	-4.62	31.38	19.97	-.01	-1.41	.54	-6.39	2.16	.39 S	20.3	25.0	5.5	12.3	.64	2.3	02-22-85	2001.5	109.8	1.5	2.94	12.50
Mylan Labs	MYLN	34.75	30.75	33.25	2.25	7.26	35.13	9.00	.95	1.34	4.51	6.42	.40	.25 N	43.1	57.0	12.7	40.1	.15	.5	12-24-84	36.9	4.7	5.4	.21	1.52
Newport Pharm	NWPH	6.63	5.38	6.50	.25	4.00	7.25	2.75	-.33	4.62	.57	22.68	-.21	-.58 S	-111.5	-37.0	-26.0	NE	.00	.0	00-00-00	7.7	-2.0	2.6	.22	.93
Pfizer Inc	PFE	41.13	39.13	40.25	.63	1.58	42.38	29.38	-.42	-.15	-.17	4.72	3.08	.35 F	12.8	21.0	13.2	13.1	1.48	3.7	01-28-85	3854.5	507.9	2.1	3.03	13.67
Reid Prov Labs	REID	5.25	4.63	5.00	.50	11.11	5.25	2.75	1.25	.46	-1.37	17.98	.13	-.01 Q	-7.6	115.0	6.7	41.7	.04	.8	12-10-84	13.4	.9	3.1	.02	.92
Robins, AH	RAH	23.88	19.50	21.75	-2.00	-8.42	24.38	12.00	-.11	-.09	-.46	28.16	2.40	-.98 N	-41.3	9.0	10.3	15.6	.76	3.5	11-19-84	563.5	58.2	3.2	1.36	14.69
Rorer Group	ROR	29.00	26.00	26.25	-2.00	-7.08	34.13	24.00	-.03	-1.66	.17	35.92	2.02	.16 N	8.3	7.0	8.9	12.6	1.12	4.3	02-04-85	475.3	42.4	2.0	2.18	10.43
Scherer RP Co	SCHC	12.00	11.13	11.63	.25	2.20	14.75	8.63	.45	-.64	-.83	9.69	.52	-.29 S	-36.2	-5.0	2.3	22.8	.32	2.8	12-12-84	171.7	4.0	1.9	4.83	11.14
Searle, GD	SRL	61.63	56.25	57.13	-3.88	-6.35	65.50	37.50	-.70	-.98	-2.37	.16	3.04	.03 N	.9	18.0	16.0	18.7	.52	.9	02-04-85	946.0	151.2	2.4	3.62	14.85
Squibb Corp	SQB	54.88	50.75	51.13	-3.00	-5.54	55.25	37.50	-.35	-.91	-1.74	-3.02	3.31	.37 N	11.5	10.0	9.8	14.3	1.60	3.1	02-08-85	1768.9	173.3	2.4	3.86	23.24
Sterling Drug	STY	28.88	26.75	28.00	-.63	-2.18	30.00	23.50	-.50	.38	1.11	-3.79	2.24	.15 N	6.8	7.0	7.2	12.0	1.16	4.1	11-07-84	1901.2	136.8	2.7	1.44	14.96
Syntex Corp	SYN	54.00	51.88	52.25	-1.00	-1.88	54.00	37.75	.02	-.50	-2.21	-5.55	4.08	-.45 Q	-10.1	22.0	14.7	13.1	1.60	3.1	11-02-84	916.5	134.6	2.1	5.36	18.81
Thompson Med	TM	18.13	15.88	16.38	-.50	-2.96	26.50	13.50	-.22	-1.01	3.16	-4.39	1.65	.67 N	42.1	65.0	11.0	7.2	.40	2.4	12-19-84	149.4	16.5	3.2	.00	5.85
Upjohn Co	UPJ	75.00	70.50	72.38	-1.13	-1.53	75.00	45.00	-.21	.18	-1.09	-19.61	5.28	.68 N	13.6	2.0	8.1	12.8	2.56	3.5	01-04-85	1986.1	160.2	2.2	18.02	34.74
Warner-Lambrt	WLA	37.63	35.75	37.00	-.50	-1.33	37.88	28.75	-.07	.00	-3.27	-12.63	2.81	.30 F	11.9	5.0	7.1	13.2	1.48	4.0	02-04-85	3166.7	223.9	1.9	7.53	17.75
Zenith Labs	ZENI	27.50	22.75	27.50	4.50	19.57	27.50	12.00	.88	3.02	2.02	7.68	.73	-.26 N	-31.7	58.0	7.8	49.1	.00	.0	00-00-00	32.1	2.5	4.6	1.12	5.12

All data is based on sources believed to be reliabie, but its accuracy is not guaranteed. Every effort will be made to correct errors, when discovered, in future issues.

Footnotes:

NA - Not Applicable
NC - Not Calculabie
NE - Negative Earnings
NM - No Meaningful Figure
Q - First Quarter
S - First 6 Months
N - First 9 Months
F - Fiscal Year

Data and Table Prepared by Media General Financial Services, Inc., Richmond, Virginia 23219

C5750-2

Merchandiser:
The adult Halloween market—p. 23

Pharmacy:
Rxers market third-party program—p. 35

Special Report:
OTC's pediatricians recommend most—p. 44

DRUG STORE NEWS®

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Perry buys 27 Michigan Apex stores

By Tim O'Brien

PONTIAC, Mich. — Perry Drugs has signed a definitive agreement to purchase the 27 Michigan Apex drug stores, greatly strengthening its market share in the highly competitive Detroit metropolitan market.

The cash acquisition increases to 175 the number of Perry drug stores operating in eight states. Nineteen of the Apex stores are located in the Detroit Metro Area. With those, and the three Sherman Drug stores Perry acquired in January, the company has increased its metro store count to 56, an increase of 65% in the past three months.

Perry's main competition in the $900 million Detroit drug store market comes from Revco, Arbor and F&M.

The estimated $15 million to $17 million deal does not include Apex's Novi, Mich., distribution center or its seven Cunningham drug stores in Florida. Apex reported sales slightly in excess of $50 million for 1984.

Analysts and industry sources see this as a key acquisition for Perry.

Continued on page 57

Facts about Apex

Annual sales	$50M	Avg. size	8,000 sq. ft.
Total stores	27	Open 24 hrs.	4
Metro Detroit stores	19	Rx computers	27
Employees	750	% sales in Rx	20%

The Apex buy strengthens Perry's position in Detroit

Apex drugs
PACKAGE
LIQUOR
DEALER

Kroger goal after buying Hook: slow the decline in earnings

By Jim Ricchiuti

News analysis

INDIANAPOLIS — How much autonomy Hook Drug will have with its new parent, Kroger Co., will hinge heavily on management's ability to reverse the faltering performance of the 314-unit chain.

Kroger will not tamper with much of Hook's operations, including the widely known Hook name. However, top management, led by J. Douglas Reeves, chairman and president, will be under pressure to halt the earnings slide. Earnings in 1984 are projected to be down about 8%.

By most standards, Hook has been one of the industry leaders in recent years. In 1983, the most recent fiscal year in which complete data is available, Hook's 34.4% gross margin, 20.8% return on investment and $1.1 million in average sales per store ranked high on the list of leading drug chains.

Fiscal 1984 has been another matter. Through the first three quarters of the year net income was down approximately 18%. Management has attributed much of last year's problems to higher than expected expansion costs. But questions remain.

One area that Kroger will most certainly take a hard look at is Hook's expense ratio. In

Continued on page 58

Four Sav-On execs fired as Skaggs tightens belt

ANAHEIM, Calif. — Sam Skaggs has wielded the long-awaited ax at Sav-On with the dismissal of four top execs: Sam Parker, president; Carl Vitalie, vp-professional services; Gerald Hight, vp-merchandising, and Dale Short, vp-distribution.

None of the four are being replaced. Instead, their duties are being absorbed by others. Dick George, president of Osco, is doubling as Sav-On's president; Russ Coon and Dan Ramirez, pharmacy buyers-supervisors, are dividing Vitalie's responsibilities; Larry LaRock, recently named vp-marketing, assumes Gerald Hight's duties, and Ed McManus, former director of warehouse operations who replaced Dale Short, is now wearing both hats.

The shake-up is not surprising in view of Sav-On's lackluster performance during the past several years. Jewel, which bought the chain late in 1979 and then sold out to American Stores last year, tried to revive earnings by slashing labor costs and dramatically cutting back inventory. Costs did come down, but so did sales, as out-of-stocks multiplied and housekeeping became a problem.

Continued on page 57

TE NEWS....LATE NEWS....LATE NE

A SETTLEMENT WAS REACHED in the lawsuit against SmithKline Beckman Corp. and the National Wholesale Druggists' Association filed by Northwestern Drug, a wholesale subsidiary of Pay 'n Save, and Velocity Hospital Group. The suit arose last April after SmithKline & French and other drug manufacturers terminated their agreements to supply legend drug products to Northwestern because the wholesaler had been purchased by a retail company and then NWDA dropped Northwestern as a member for the same reason. Under the agreement, SKF will supply Northwestern with products for Velocity's more than 100 hospital accounts, and NWDA will readmit Northwestern as a member.

NEWSPAPER

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H&BA is paying off See page 38

Peoples hosting Video To Go

WASHINGTON — After three months of operation, Peoples drug stores has discovered what may be the most risk-free way of entering the burgeoning home video business.

Customers at any one of Peoples' approximately 150 Washington area stores can rent a movie from a catalog of more than 1,400 titles. The arrangement requires no inventory investment by Peoples, nor does the chain lease valuable floor space to the supplier, Videx Video.

In one of the more unique twists in the growing home video business, Peoples is providing its Washington area stores as distribution points in Videx's Video To Go program.

Videx's club members select movies from catalogs mailed periodically to their homes. Members then call the Video To Go hotline, give their membership and credit card numbers and order the movies. The next day they simply pick up the tape at their registered Peoples drug store.

Peoples receives a commission on each tape rented from its stores. Moreover, the chain benefits directly from increased store traffic.

According to John Manton, Peoples' corporate vp, the program is "working out well," since the chain began testing the video departments last year.

"Video To Go is a novel approach," said Manton. "It was a business we weren't sure we wanted to take the risk and get into.

With Video To Go, Peoples has avoided the risks and labor costs involved in processing orders and handling payment. Tapes are usually delivered to a Peoples drug store before 1 p.m. the next day after orders are placed. Customers either pick up the movie at Peoples' pharmacy or photo department.

In addition, 40 Peoples locations offer same-day service. Customers who call in their orders by 5 p.m. can receive their tapes by 7:30 that same night.

Annual membership fees for the club are $17.95. Six-month fees are $9.95. Movie rental charges range from $2 a day to as low as $1 a day during promotional periods.

Peoples is supporting Video To Go with in-store signage,

Continued on page 58

Unfair price-competition cited

Court rule on HMO status angers druggists

WASHINGTON — Organized pharmacy groups vowed to continue the fight to curb unfair Rx competition from HMOs in the wake of a key legal setback in the U.S. Supreme Court.

The setback came as the result of the high court's refusal to reconsider the status of the Kaiser Foundation's Health Maintenance Organization as a charitable institution.

The effect of the decision was to uphold a Federal Appeals Court ruling in the bitter dispute between the Portland Retail Druggists Association and Kaiser over the application of the Robinson-Patman antiprice discriminations act to HMOs.

The central issue in that case involved whether the Kaiser HMO Rx dispensaries may legally compete with retail pharmacies after purchasing drugs at prices lower than those available to drug stores.

Although the Federal R-P Act outlaws such discrimination, the Federal Appeals Court ruled that Kaiser is a "charitable institution" under Federal law and thus exempt from the price discrimination provision of Robinson-Patman. The Supreme Court let the Appeals Court ruling stand.

Charles West, executive vp of the National Association of Retail Druggists (NARD), said his organization was "disappointed but not discouraged" by the setback.

"There are other ways to fight the decision," West said. "We are looking at legislation to amend the 1938 Nonprofit Institutions Act so that only those organizations truly servicing charitable parties would be excluded."

At the American Pharmaceutical Association, president Jack Schlegel also expressed "great disappointment," but pointed out that the high court's refusal to hear the case did not represent a decision on the merits of the issue.

"In our view," he said, "the continued existence of community pharmacies providing readily available pharmaceutical services to the public is seriously threatened."

Ronald J. Streck, vp of government affairs for the National Wholesale Druggists' Association, said NWDA was also looking at possible legislative and strategic remedies.

"We believe," Streck said, "this new wrinkle further promotes discriminatory pricing practices and hinders fair competition."

The Kentucky Pharmacists Association, one of the state pharmacy groups that filed a "friend of the court" brief supporting the Oregon pharmacists, agreed with NARD's West on seeking a change through the Legislature.

"We may have lost on the Supreme Court level," said Paul F. Davis, executive director, "but we have to find other ways to change the laws. Congressional action seems to be the best route."

News in brief

Arbor acquires Detroit Dale

TROY, Mich. —Arbor Drugs has acquired the three Dale Drug stores in metropolitan Detroit, bringing the total number of Arbor stores to 40. Two of the stores, located in St. Clair Shores and Union Lake, have opened new local markets for Arbor, and the Warren location is the second in that area for the company.

Pay 'n Save appoints Shefveland

SEATTLE — Pay 'n Save Corp. has named Ken Shefveland to the newly created post of director of data processing operations services. Shefveland, former vp/manager of computer processing services, at the Seattle First National Bank, will be responsible for Pay 'n Save's new data processing center.

Lloyd opens deep-discount drug

POUGHKEEPSIE, N.Y. — Lloyd Shopping Centers Inc. has opened its first deep-discount drug store here—a 20,000-sq.-ft. unit called Big Al's Deep Discount (B.A.D.D.). The company also operates three 100,000-sq.-ft. superstores in southern New York State.

Drug Systems revenues up

PORTSMOUTH, Ohio — Drug Systems Inc., which operates White Drug Enterprises, reported that third-quarter net income dropped 39% to $584,000 from $954,000. Net revenues for the quarter, ended Jan. 5, 1985, increased 5% to $28.9 million from $27.5 million during the same period in 1984. Through the first three quarters of the year, net earnings at Drug Systems were down 28% to $1.14 million from $1.6 million last year. Net revenues for the first three quarters of the year rose 38% to $81.7 million from $59.3 million in 1984, reflecting the White Drug acquisition during the second quarter last year.

Index

Classified 54
Financial 6
Merchandise News 55
Merchandiser 23
Rx 35

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Vol. 7, No. 6 March 18, 1985

Evans and Hairston promoted at Dallas' Tom Thumb/Page

DALLAS — Jack Evans Jr. has been named president of Tom Thumb/Page, replacing Tom Hairston, who has been promoted to chief operating officer of the Cullum Cos., parent of the food-drug chain. Hairston retains his title of executive vp of Cullum.

Jack Evans Sr., who had been coo of Cullum in addition to being president, has now added the ceo title relinquished by Charles Cullum, who remains chairman of the board.

Evans Jr., who was executive vp and general manager of Tom Thumb/Page before his promotion, joined the company as an assistant manager in 1966.

Hairston joined Cullum in 1957 as an assistant store-director. In 1972 he was promoted to executive vp of Tom Thumb/Page and in 1977 president. Two years later, Hairston assumed the duties of executive vp of Cullum while remaining president of Tom Thumb/Page.

Evans Sr. was hired by the company in 1966 as executive vp of Tom Thumb/Page and last year became president and coo of Cullum.

Other high-level promotions include T. K. Arledge, former vp and general manager of Food Depot, to senior vp-operations at Tom Thumb/Page; Jim Stiles, former corporate controller, to vp and chief financial officer at Cullum, and Mike Chessmore to vp and controller of Tom Thumb/Page.

Cullum Cos. was started in 1948 by chairman Cullum and his brother Robert.

N.Y. manufacturer to acquire major interest in Pantry Pride

FORT LAUDERDALE, Fla. — Senior management at Pantry Pride Inc., the parent company of Adams Drug, will recommend to its board of directors the sale of a controlling interest in the company to MacAndrews & Forbes, a New York-based manufacturing concern.

The terms of the proposed sale call for Pantry Pride to issue as much as $50 million in 9.5% convertible preferred stock to MacAndrews & Forbes. The shares could be converted into common stock at $5.625 a share. MacAndrews & Forbes would receive voting rights on the shares as well as majority representation on the Pantry Pride board.

MacAndrews & Forbes, a privately held company that manufactures cigars, confectionery products and photo processing materials, already owns 8% of Pantry Pride's common stock outstanding.

In addition, the company has an option to purchase the 10% stake in Pantry Pride owned by members of the Devon family, which acquired the shares last year following the sale of the Devon general merchandise chain to Pantry Pride. Late last year a group of dissident shareholders, led by the Devons, staged an unsuccessful proxy battle to gain control of Pantry Pride.

A spokesman for Pantry Pride said that if proposed sale is approved by shareholders, MacAndrew & Forbes could control as much as 35% of the food, drug and specialty retailer.

The company official added that MacAndrew & Forbes plans to retain the current management at Pantry Pride.

Pantry Pride acquired Adams Drug in November as part of a diversification program designed to take advantage of tax loss carryforward.

The company said that it intends to use proceeds from stock sale to finance future acquisitions.

Suppliers win price concessions

WASHINGTON — Drug store industry suppliers will receive almost blanket antitrust immunity to engage in a wide range of distributional trade restraints under controversial new Justice Department enforcement guidelines released late last month.

Although the new Federal case-selection standards do not directly apply to fair trade-style resale price maintenance violations, critics of Reagan Administration "laissez-faire antitrust policies" contend that the justice guidelines will encourage manufacturers to dictate retail prices for their products.

In announcing the new case-selection procedure, justice antitrust chief J. Paul McGrath said that the guidelines are necessary to "help reduce the uncertainty associated with enforcement of the antitrust laws" in order to "encourage the use of lawful vertical [trade restraint] practices" by manufacturers.

Among other things, the guides establish a series of "safe harbors" which allow suppliers to impose a variety of "nonprice" distributional restrictions on retailers, including:

- **"territorial restrictions"** which effectively prevent authorized dealers from transshipping the manufacturers products to drug chains or unauthorized retailers in other markets;
- **"customer allocation"** restraints which may be used to achieve the same objective by prohibiting wholesalers and retailers from selling to certain "classes" of customers;
- **"exclusive dealership"** requirements preventing retailers from carrying products made by competing manufacturers, and
- **"tying arrangements"** under which pharmaceutical manufacturers and other industry suppliers refuse to sell key products to retailers unless other unwanted goods (or

Continued on page 57

FINANCIAL

Longs ends fiscal year with 10% income rise

WALNUT CREEK, Calif. — Longs Drug Stores announced that unaudited net income for the 53-week fiscal year ended Jan. 26 increased 10.2% to $40.1 million, or $3.77 a share, from $36.4 million, or $3.43 a share, in the previous, 52-week year.

Unaudited sales for the year increased 13.3% to $1.38 billion from $1.21 billion in the prior year.

At the same time, the company announced a 2-for-1 stock split effective at the close of business March 12. Shareholders of record on that date will automatically be issued one additional share for each one held.

For the 14-week fourth quarter, unaudited net income increased 12% to $12.7 million, or $1.20 a share, from $11.4 million, or $1.07 a share, in the comparable.

Unaudited sales for the quarter increased 19% to $416.8 million from $349.8 million in the prior period.

The board of directors declared a quarterly dividend of 32¢ a share on a presplit basis, to holders of record at the close of business March 12, payable April 9.

During the fiscal year, Longs opened 13 stores.

Sales up but income down at Begley Co.

RICHMOND, Ky. — Begley Company reported that net income for the third quarter ended Dec. 31 declined slightly to $547,248, or 99¢ a share, from $568,844, or $1.03 a share, for the comparable year-earlier period.

Sales and other operating revenues for the quarter increased 8.8% to $19.2 million from $17.6 million a year earlier.

The company said that earnings were lower because it did not have "the quantity of tax credits available to it that it had in the previous year's quarter."

In addition, the company reported, sales and other operating revenues were lower in December than projected—"a situation that many other retailing companies found themselves encountering during this period."

For the nine months, net income declined to $640,583, or $1.16 a share, from $725,637, or $1.32 a share, for the same period in 1983.

Begley operates 47 retail outlets in Kentucky and has 123 Big B, Key and Superior drug cleaning stores in nine states. During the third quarter, the company opened four dry cleaning units and no drug stores.

		STOCK PRICE							TREND TO MARKET				EARNINGS/SHARE					P/E	DIVIDENDS			FINANCIAL POSITION				
		From 02/08/85 - 02/25/85							Price Trend (% per day)		Volume Trend (% per day)			Latest 12 Months vs Preceding 12 Months Change					Indicated Dvd. rate						Last Fiscal Year (Per Share)	
					Change		52-Week															Last Fiscal Year				
Name	Symbol	High	Low	Close	Amt	Pct	High	Low	Last 30 Days	Last 5 Days	Last 30 Days	Last 5 Days	Last Fiscal Year	Amt.	Pct	5-Year Annual Growth Rate	Profit Margin	Latest P/E Ratio	Amt.	Yield	Last X-Dvd. Date	Revenue	Earnings	Current Ratio	Long Term Debt	Common Stock Equity
-	-	$	$	$	$	%	$	$	%	%	%	%	$	$	%	%	%	-	$	%	-	$ Mil	$ Mil	-	$	$
Chain Store transactions																										
Am Stores	ASC	55.25	49.00	53.25	3.75	7.58	55.25	26.50	.31	.29	-.78	-8.75	3.61	.60 N	17.9	45.0	1.5	13.5	.64	1.2	12-19-84	7983.7	117.9	1.5	12.39	15.26
Begley Co	BGLY	16.00	15.75	16.00	.25	1.59	16.00	14.50	-.09	.39	-1.01	8.97	1.33	-.30 N	-20.4	-8.0	1.1	13.7	.68	4.3	01-14-85	61.5	.7	1.9	15.55	18.26
Big B	BIGB	16.25	14.13	15.88	-.38	-2.31	16.50	8.88	.91	1.34	4.08	22.53	.53	.50 N	454.5	19.0	3.0	26.0	.00	.0	09-21-83	117.0	3.5	2.3	.18	3.88
Drug Sys	DRGS	5.25	4.38	5.13	1.00	24.24	7.00	3.25	1.01	4.48	6.14	42.95	.56	-.79 N	-66.3	NC	2.1	12.8	.00	.0	01-25-84	82.3	1.7	3.0	1.28	5.84
Eckerd, Jack	ECK	32.88	29.00	29.25	-2.75	-8.59	32.88	20.25	-.01	-2.06	-1.12	39.29	2.27	.36 Q	18.3	5.0	3.3	12.6	1.00	3.4	12-10-84	2622.5	85.4	2.0	2.52	16.47
Fay's Drug	FAY	12.50	11.38	11.50	-1.00	-8.00	13.00	8.38	.24	-.34	-2.81	-8.32	.60	.12 N	22.2	47.0	2.6	17.4	.20	1.7	03-18-85	312.4	8.1	1.7	1.78	3.82
Genovese Drug	GDX	15.50	14.50	14.63	-.88	-5.65	16.63	11.13	.26	.18	-2.75	26.42	.96	.21 N	25.3	111.0	2.0	14.1	.20	1.4	12-19-84	193.8	3.9	1.9	2.83	4.92
Hook Drugs	HOOK	36.50	33.38	35.88	2.13	6.30	36.50	18.00	2.42	.25	4.84	-42.46	2.01	-.26 N	-12.7	6.0	2.7	20.2	1.00	2.8	01-09-85	320.5	8.7	1.7	2.75	10.38
Longs Drg Strs	LDG	53.00	49.50	51.50	.50	.98	55.00	34.00	.21	.12	.13	-34.89	3.43	.36 N	10.9	10.0	3.0	14.1	1.28	2.5	11-28-84	1214.4	36.4	1.9	.00	21.13
Medicare Glaser	MGCO	6.25	5.25	5.75	-.50	-8.00	9.00	3.50	.32	-.06	-5.06	14.51	.43	-.07 S	-16.6	63.0	1.4	16.4	.00	.0	00-00-00	76.7	1.1	1.6	1.12	3.49
Pay N Save	PAYN	22.75	22.75	22.75	.00	.00	23.63	14.38	-.24	.38	2.13	8.33	2.02	-.23 S	-13.2	.0	2.5	15.2	.60	2.6	08-20-84	1220.5	30.1	2.0	9.01	14.37
Pay Less NW	PAY	27.00	26.25	27.00	.13	.47	27.50	14.50	-.22	.29	-10.78	23.43	1.35	.34 S	29.8	26.0	2.9	18.2	.34	1.3	12-17-84	852.9	24.7	1.8	4.62	7.19
Perry Drug	PDS	21.88	20.63	21.50	.25	1.18	22.00	12.38	.50	.12	-1.34	35.36	1.26	.24 F	23.5	17.0	2.1	17.1	.28	1.3	12-21-84	370.3	7.6	1.5	2.40	10.60
Revco Drug	RDS	27.88	25.50	25.88	-1.63	-5.91	33.25	22.50	.15	-.70	1.46	-22.51	2.54	.18 S	8.4	22.0	4.2	11.3	.80	3.1	02-26-85	2227.5	93.4	2.1	1.08	12.22
Rite Aid Corp	RAD	30.88	27.63	30.00	.38	1.27	30.88	17.50	.19	.09	.58	18.90	1.47	.32 N	24.0	11.0	5.1	18.2	.50	1.7	01-08-85	1223.3	62.2	2.3	.49	7.68
Thrifty Cp	TFD	22.50	21.13	21.25	-1.13	-5.03	22.88	11.50	.01	-.49	-.32	7.44	1.40	.27 Q	23.2	21.0	2.1	14.9	.60	2.8	02-04-85	1299.3	27.9	1.5	4.46	7.72
Walgreen Co	WAG	54.13	51.88	53.75	.25	.47	54.25	28.63	.42	.67	-1.28	16.46	2.78	.50 Q	21.0	33.0	3.1	18.7	.88	1.6	02-11-85	2744.6	85.4	1.7	1.73	13.52
Wholesaler's transactions																										
Bergen Bruns	BBCA	27.00	25.00	26.00	-.88	-3.26	28.50	19.00	.00	.82	.57	-12.23	1.57	.08 Q	5.1	23.0	1.2	15.9	.32	1.2	01-28-85	1703.4	19.6	1.6	1.08	11.11
Cardinal Distrb	CDIC	18.25	17.25	18.00	.63	3.60	18.25	12.00	.51	-.02	.27	-59.79	1.01	1.09 N	NC	NC	1.1	16.5	.02	.1	01-28-85	243.3	2.6	1.8	1.01	6.50
Durr Fillauer	DUFM	15.00	14.63	14.75	.00	.00	15.25	10.25	.22	.43	-2.86	26.88	.80	.13 N	17.1	21.0	1.9	16.6	.16	1.1	11-27-84	260.8	5.0	2.3	2.03	6.80
McKesson Cp	MCK	39.63	37.63	38.00	-1.13	-2.88	40.38	32.38	-.21	.32	7.00	44.36	3.78	-.42 N	-10.7	-1.0	1.6	10.9	2.40	6.3	02-25-85	4260.0	68.7	1.4	10.45	30.25
Foxmeyer Cp	FOXM	29.00	28.25	28.25	-.50	-1.74	29.00	20.00	.55	-.18	-1.63	14.96	1.27	1.22 N	141.8	122.0	1.1	13.6	.00	.0	00-00-00	464.2	5.2	2.0	3.95	11.86
Ketchum	KCH	16.38	15.00	15.75	.88	5.88	17.31	10.09	-.25	.30	8.98	-7.56	.77	-.50 S	-54.3	90.0	.3	37.5	.00	.0	09-24-84	245.1	.8	1.5	6.37	6.74
Owens & Minor	OBOD	15.00	13.75	14.75	.50	3.51	15.00	11.25	.07	-.27	10.56	-33.93	1.41	.05 N	3.9	24.0	1.2	11.1	.36	2.4	12-10-84	255.2	3.0	2.8	5.07	11.69
Spectro Indus	SPO	30.88	28.50	30.00	.88	3.00	30.88	15.50	.05	.79	1.95	9.45	1.78	.74 N	47.7	53.0	1.8	13.1	.14	.5	12-28-84	395.4	7.2	1.7	2.46	8.88
Manufacturer's transactions																										
Abbott Labs	ABT	49.00	46.00	47.50	.13	.26	49.00	36.75	.17	-.15	-.31	-5.93	3.34	.48 F	16.7	28.0	13.0	14.2	1.20	2.5	01-09-85	3104.0	402.6	1.9	4.00	11.71
Am Home Prod	AHP	57.88	55.13	56.75	.75	1.34	57.88	46.75	.02	.35	-.41	4.79	4.00	.45 N	11.5	15.0	12.9	13.1	2.90	5.1	02-06-85	4856.5	627.2	3.0	.00	13.14
Baxter Travenol	BAX	14.88	14.00	14.25	-.50	-3.39	18.63	11.75	.02	.28	-.55	-20.11	.21	-1.33 F	-86.3	-3.0	1.6	67.9	.33	2.3	12-03-84	1800.4	29.1	1.7	1.60	8.17
Block Drugs Co	BLOCA	30.50	30.50	30.50	.00	.00	31.25	24.28	-.16	.39	2.89	55.83	3.18	.38 N	12.5	15.0	10.0	8.9	1.00	3.3	02-25-85	238.2	23.9	2.3	2.34	20.08
Bolar Pharm	BLR	33.88	29.50	32.38	-1.63	-4.78	35.88	20.13	.96	1.72	4.17	-30.04	1.15	.18 N	18.7	69.0	19.2	28.4	.05	.2	02-08-85	25.5	4.9	4.9	.00	4.76
Bristol-Myers	BMY	55.88	53.38	53.63	-1.38	-2.50	55.88	43.00	.02	-.29	-2.11	-2.99	3.45	.45 F	15.0	20.0	11.3	15.5	2.00	3.7	12-28-84	4189.4	472.4	2.4	.71	13.99
Carter-Wallace	CAR	34.50	30.50	31.13	-2.38	-7.09	34.50	19.38	.77	-1.43	.74	-15.36	2.37	.31 N	13.4	32.0	5.7	11.9	.52	1.7	02-04-85	323.1	18.4	2.4	1.69	21.87
Cooper Labs	COO	16.38	15.63	15.63	-.50	-3.10	27.00	10.38	.26	.17	-1.01	6.59	-.12	-.63 F	-123.5	NC	-1.3	NE	.00	.0	03-12-84	155.9	-2.0	1.6	.61	11.81
Forest Labs	FRX	20.00	17.38	17.88	-1.00	-5.30	24.38	11.25	.09	-1.25	2.25	3.88	.54	.03 N	5.5	50.0	14.8	31.4	.00	.0	01-14-83	19.6	2.9	8.3	.28	5.42
ICN Pharm	ICN	10.25	9.25	9.50	-.25	-2.56	11.38	5.50	-.35	-.73	-2.20	21.01	.22	-.11 N	-44.0	41.0	5.1	67.9	.00	.0	00-00-00	37.0	1.9	4.3	.20	4.34
Key Pharm	KPH	11.88	10.25	10.75	-.75	-6.52	17.25	8.00	-.05	.22	2.54	-25.13	.51	.18 N	40.9	71.0	14.8	17.3	.20	1.9	03-11-85	127.3	18.8	2.1	1.16	1.67
Lilly Eli Co	LLY	76.38	72.25	75.13	2.25	3.09	76.38	53.00	.21	.91	1.35	6.26	6.13	.79 N	13.4	12.0	15.1	11.3	3.20	4.3	02-08-85	3033.7	457.4	1.9	1.23	28.86
Lee Pharm	LPH	8.75	7.00	7.25	-1.38	-15.94	9.63	2.13	3.81	.55	4.06	-40.54	-.49	.23 N	NE	-92.0	-14.3	NE	.00	.0	00-00-00	7.0	-1.0	2.8	.41	1.53
Marion Labs	MKC	54.00	51.25	53.00	-.75	-1.40	54.50	27.75	.41	.30	-2.96	28.75	1.24	.49 S	48.0	59.0	10.6	35.1	.52	1.0	03-14-85	226.4	24.1	2.4	.04	7.05
Merck & Co	MRK	99.63	96.25	99.50	3.63	3.78	99.63	78.25	-.01	.70	1.00	4.94	6.71	.61 F	10.0	6.0	13.8	14.8	3.20	3.2	12-03-84	3559.7	493.0	1.7	5.21	32.92
Morton Thiokol	MTI	29.88	27.63	29.38	.75	2.62	31.38	19.97	-.17	.37	1.58	-7.61	2.16	.39 S	20.3	25.0	5.5	12.7	.64	2.2	02-22-85	2001.5	109.8	1.5	2.94	12.50
Mylan Labs	MYLN	18.00	15.88	17.00	-.38	-2.16	18.00	4.63	.91	.09	.87	-39.33	.20	.11 N	36.6	121.0	12.7	41.5	.05	.3	02-19-85	36.9	4.7	5.4	.10	.76
Newport Pharm	NWPH	6.50	5.88	6.00	-.63	-9.43	7.25	2.75	-.50	-.16	-1.34	-2.20	-.21	-.58 S	-111.5	-37.0	-26.0	NE	.00	.0	00-00-00	7.7	-2.0	2.6	.22	.93
Pfizer Inc	PFE	40.75	37.63	38.13	-2.50	-6.15	42.38	29.38	-.38	-.86	.72	-17.62	3.08	.35 F	12.8	21.0	13.2	12.4	1.48	3.9	01-28-85	3854.5	507.9	2.1	3.03	13.67
Reid Prov Labs	REID	5.13	4.88	5.00	-.25	-4.76	5.25	2.75	.64	.33	-1.19	-21.73	.12	-.04 S	-25.0	99.0	6.7	41.7	.04	.8	12-10-84	13.4	.9	3.1	.02	.92
Robins, AH	RAH	23.50	20.88	22.25	.25	1.14	24.38	12.00	-.42	1.71	-1.69	-6.26	2.40	-.98 N	-41.3	9.0	10.3	16.0	.76	3.4	11-19-84	563.5	58.2	3.2	1.36	14.69
Rorer Group	ROR	31.00	26.00	30.50	3.50	12.96	34.13	24.00	-.12	1.40	1.67	21.45	2.08	.06 F	2.9	5.0	8.5	14.7	1.12	3.7	02-04-85	522.1	44.3	2.0	2.18	10.43
Scherer RP Co	SCHC	11.63	10.25	10.75	-.63	-5.49	14.50	8.63	.15	-.98	2.96	50.69	.52	-.29 S	-36.2	-5.0	2.3	21.1	.32	3.0	12-12-84	171.7	4.0	1.9	4.83	11.14
Searle, GD	SRL	59.50	56.25	57.13	.00	.00	65.50	37.50	-.43	.36	-1.53	-45.08	3.24	.20 F	6.5	19.0	13.0	17.6	.52	.9	02-04-85	1245.8	161.6	2.4	3.62	14.85
Squibb Corp	SQB	52.88	49.75	51.50	-.13	-.24	55.25	37.50	-.35	.19	.79	-6.65	3.31	.37 N	11.5	10.0	9.8	14.4	1.60	3.1	02-08-85	1768.9	173.3	2.4	3.86	23.24
Sterling Drug	STY	28.38	27.25	27.50	-.50	-1.79	30.00	23.75	-.29	.05	-.66	18.90	2.37	.13 F	5.8	5.0	7.8	11.6	1.16	4.2	02-07-85	1827.3	143.4	2.7	1.44	14.96
Syntex Corp	SYN	55.63	52.13	54.25	2.00	3.83	55.63	37.75	.06	.32	-1.81	2.20	4.08	-.45 Q	-10.1	22.0	14.7	13.6	1.92	3.5	02-08-85	916.5	134.6	2.1	5.36	18.81
Thompson Med	TM	18.38	15.88	17.13	.75	4.58	26.50	13.88	-.12	-.55	4.72	-20.30	2.20	.55 F	33.3	62.0	10.8	7.8	.40	2.3	12-19-84	197.2	21.2	3.2	.00	5.85
Upjohn Co	UPJ	76.25	71.13	73.50	.63	.86	76.25	45.00	-.09	.32	1.50	26.60	5.67	.39 F	7.3	.0	8.0	13.0	2.56	3.5	01-04-85	2179.1	173.3	2.2	18.02	34.74
Warner-Lambrt	WLA	37.63	35.75	36.38	-.75	-2.02	37.88	28.75	-.22	.29	-4.11	9.87	2.81	.30 F	11.9	5.0	7.1	12.9	1.48	4.1	02-04-85	3166.7	223.9	1.9	7.53	17.75
Zenith Labs	ZENI	30.25	27.00	27.75	.25	.91	30.25	12.00	1.18	-.49	5.53	-24.98	.73	-.26 N	-31.7	58.0	7.8	49.6	.00	.0	00-00-00	32.1	2.5	4.6	1.12	5.12

All data is based on sources believed to be reliable, but its accuracy is not guaranteed. Every effort will be made to correct errors, when discovered, in future issues.

Footnotes:

NA - Not Applicable
NC - Not Calculable
NE - Negative Earnings
NM - No Meaningful Figure
Q - First Quarter
S - First 6 Months
N - First 9 Months
F - Fiscal Year

Data and Table Prepared by Media General Financial Services, Inc., Richmond, Virginia 23219

Cough/cold tops doctors' recommendations

Most OTC product recommendations by pediatricians are for cough/cold remedies, analgesic and vitamins.

That was one finding of a survey conducted by Medical Marketing Conference, a division of Market Measures Inc.

The nationally projectable survey of 100 pediatricians revealed that they recommend a wider variety of products in the cough and cold category than in any other classification. It also showed that 97% recommend at least one OTC analgesic and 92% a vitamin supplement for their patients.

It has long been recognized by pharmacists that pediatricians' product recommendations have a significant influence on buying habits of their customers.

According to the National Disease and Therapeutic Index, 84 million patient visits were made to pediatricians last year. The number of patient visits per day for the average children's physicians was just over 22, and 47% of those visits were by children through the age of 2. Children 3 years old through 9 accounted for another 32% of all visits.

A leading medical publication recently indicated that 99% of the patients visiting pediatricians will follow their recommendations for OTC products.

In the Market Measures survey, pediatricians were asked to evaluate 14 product categories and indicate which products they recommended and the average number of times a week they made that recommendation.

The category with the largest variety of products was cough/cold, with a choice of 19 products. The smallest category was teething products, with two dominating the category.

It is estimated that 21 million visits were made to pediatricians last year for respiratory problems, sore throat, or the common cold. Visits for ear problems, usually prompting recommendations for analgesics, measured 11 million.

Cough/cold

Pediatricians recommend a greater variety of products in the cough/cold category than any other OTC grouping.

The report uncovered 19 cough/cold products recommended by anywhere from 1% of the pediatricians to as many as 87%.

Triaminic, a product marketed primarily for use in fighting colds in children, lived up to its reputation by topping the list of most recommended cough/cold products.

The survey revealed that 86% of the pediatricians questioned recommended Triaminic in their office practice to help combat a cough or cold.

The Dorsey product attained the highest number of recommendations per week for the average physician—a total of 9.44 times.

Besides its child-oriented marketing campaign, Triaminic is available in several combinations. It may be purchased as a cough formula, an expectorant or a cold syrup.

Rivaling Triaminic for recommendation positioning is Robins' Robitussin products.

Robitussin was recommended by 80% of the pediatricians in the study. On the average, a Robitussin product was recommended by a single pediatrician 8.16 times a week.

Robitussin, like Triaminic, is available in several cough/cold combinations. It is, however, marketed to a larger audience that includes adults as well as children.

Dropping in as the third most recommended cough/cold product by pediatricians is Sudafed. The survey showed Sudafed as the most recommended product by the doctors, mentioned by 87% of the physicians. It is recommended by the average doctor

(Continued on page 45)

OTC's pediatricians recommend most

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Continuous high impact consumer and professional advertising on national television and in print make the Orajel line turn over fast.

Orajel—the top selling line

Rx/OTC news

PHARMACY

Continued from page 44

7.5 times a week.

Sudafed owes much of its popularity among pediatricians to its lack of side effects. Because it is a decongestant containing no antihistamine, the major side effect of drowsiness is not present.

Three Rx-to-OTC products made the list in the cough/cold category. They were Parke Davis' Benylin and Schering's Afrin and Drixoral. Of the three, only Afrin is available in a specially formulated dose for children.

Analgesics

There is no contest in the OTC analgesics category. Children's Tylenol easily grabbed the No. 1 position, beating out its nearest competitor by almost 2 to 1.

McNeil's Tylenol is recommended by 96% of the pediatricians. On average, it is recommended by a single pediatrician 20 times a week, far more than any other OTC product covered in the study.

Its nearest competitor, Mead Johnson's Tempra, is recommended by 76% of the doctors and averages 11 recommendations a week by a single physician.

Acetaminophen, the active ingredient in Tylenol and Tempra, has long been a favorite of pediatricians. It has become even more popular because of aspirin's widely publicized link with the sometimes fatal Reye Syndrome in children.

Brand	Manufacturer	% pediatricians recommending	Avg. no. times/week recommended
Analgesic recommendations			
Children's Tylenol	McNeil	**96%**	19.66
Tempra	Mead-Johnson	**76**	11.35
Children's Bayer	Glenbrook	**48**	4.39
Children's Panadol	Glenbrook	**40**	2.70
St. Joseph's Children's	Plough	**40**	3.65
Liquiprin	Norcliff-Thayer	**39**	2.72
Children's Anacin-3	Whitehall	**26**	1.85
Antidiarrheal recommendations			
Pedialyte	Ross Labs	**86%**	6.98
Kaopectate	Upjohn	**47**	2.86
Pepto-Bismol	P&G	**45**	1.82
Infalyte	Pennwalt	**33**	1.75

Brand	Manufacturer	% pediatricians recommending	Avg. no. times/week recommended
Cough/Cold recommendations			
Sudafed	Burroughs-Wellcome	**87%**	7.50
Triaminic	Dorsey	**86**	9.44
Robitussin	A. H. Robins	**80**	8.16
Novahistine	Merrell-Dow	**72**	5.16
Chloraseptic	P&G	**62**	2.73
Benylin	Parke-Davis	**61**	3.72
Neo-Synephrine	Winthrop	**58**	2.82
Afrin	Schering	**49**	1.84
Dorcol	Dorsey	**45**	2.93
Trind	Mead-Johnson	**42**	2.63
Drixoral	Schering	**36**	1.16
Cremacoat	Vicks	**22**	0.93
CoTylenol	McNeil	**19**	1.21
Cheracol	Upjohn	**14**	0.47
Dristan	Whitehall	**11**	0.39
Dristan Spray	Whitehall	**7**	0.26
NTZ	Winthrop	**5**	0.37
Efficol	Block Drug	**1**	0.09

Tylenol edged out Tempra because of extensive advertising to the adult as well as the children's market.

Tempra, promoted almost exclusively as a children's analgesic by Mead Johnson, is primarily advertised to pediatricians and not the consumer.

Diaper rash

Probably one of the most common questions asked of pediatricians is what to use for a diaper rash. The study showed that 84% of the doctors recommend a diaper rash or cleansing product.

Desitin, manufactured by Lemming-Pacquin, a division of Pfizer, received the highest percentage of recommendations, with 79% of the doctors suggesting the product on an average of eight times a week.

Other diaper rash products high on the pediatricians' list are A&D Ointment (68%), Vaseline (52%) and Caldesene (49%).

Among the cleansing products or wipes, Wet Ones are the ones most recommended by the doctors.

Brand	Manufacturer	% Pediatricians recommending	Avg. no. times/week recommended
Disposable diaper recommendations			
Pampers	P&G	**24%**	1.63
Luvs	P&G	**15**	0.93
Huggies	Kimberly-Clark	**12**	0.96
Curity	Colgate	**5**	0.20

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Pharmacists profit from doctor recommendations

Skin

Once a prescription-only product, Upjohn's Cortaid with active ingredient cortisone dominates the general skin-rash product category.

Sixty-nine per cent of the pediatricians recommend the Rx-to-OTC switched product for their patients an average of four times a week.

The only other cortisone-containing OTC product on the list, CaldCORT, received only 17% of the doctor recommendations. The great difference in the two products can only be credited to Upjohn's marketing and advertising.

The second most recommended skin-rash product is Parke-Davis' Caladryl.

In total, 86% of the pediatricians surveyed recommend some kind of skin rash product for their patients.

Brand	Manufacturer	% pediatricians recommending	Avg. no. times/week recommended
Chewable vitamin recommendations			
Poly-Vi-Sol	Mead-Johnson	56%	5.46
Flintstones	Miles	39	1.85
Vi-Daylin	Ross	33	2.20
Smurf	Mead-Johnson	23	1.47
Centrum Jr.	Lederle	18	0.46
Bugs Bunny	Miles	5	0.15
Life Stage	Vicks	3	0.11
Pac-Man	Rexall	2	0.06
Pediatric vitamin drops			
Poly-Vi-Sol	Mead-Johnson	79%	8.06
Tri-Vi-Sol	Mead-Johnson	71	7.76
Vi-Daylin	Ros	42	4.27

Vitamins

The survey shows that 80% of the pediatricians recommend at least one OTC chewable vitamin product. Capturing the top position is Mead-Johnson's Poly-Vi-Sol, with 56% of the pediatricians recommending it, and the average pediatrician recommending the product five times a week.

Miles laboratories, capitalizing on the popular cartoon show The Flintstones, sees its Flintstones Chewable Vitamins recommended by 39% of the doctors, the second highest vitamin recommendation.

One-third of the physicians recommend Ross' Vi-Daylin on the average of twice a week.

More pediatricians recommend OTC vitamin drops than chewable vitamins.

Poly-Vi-Sol, a multiple children's vitamin containing the "B" vitamins, is the most recommended vitamin drop, with 79% of the pediatricians mentioning it.

Tri-vi-sol, the same as Poly without the "B" vitamins, comes in a close second, with a 71% recommendation.

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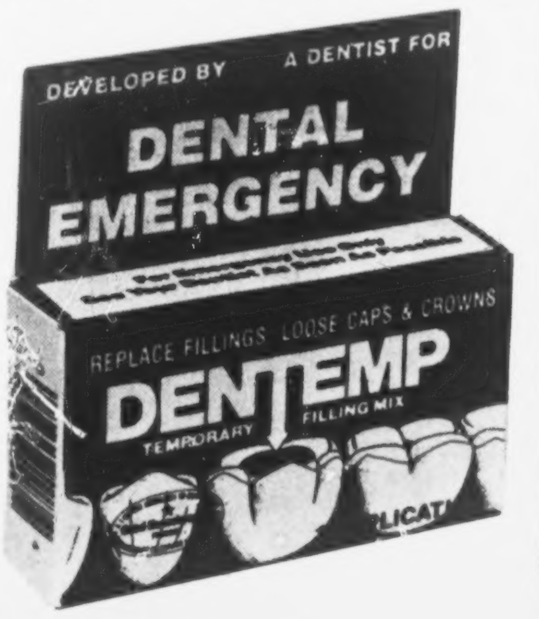
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OTC's pediatricians recommend

Dental

Pediatricians would rather leave the choice of what toothbrush to use to dentists. Less than 20% of the pediatricians recommend toothbrushes for their patients.

Among those recommended, Oral B received the highest number of endorsements, with 10% of the doctors making it their choice.

Nuk, known for many baby products including pacifiers, received only 5% of the doctor recommendations.

Like toothbrushes, toothpaste is not high on the pediatricians' recommended list. Only about 25% recommend any brand of toothpaste. Crest received the highest vote of confidence with 17% of the baby doctors giving it the nod. Close behind are Aim, Colgate and Aqua-Fresh with 12%, 11% and 10%.

In contrast to toothbrushes and toothpaste, the pediatricians do make recommendations when it comes to teething pain.

Dominating the market is Del Laboratories' two teething products, Orajel and Num-Zit. Orajel is recommended by 48% of the doctors and Num-Zit by 26%. However, the frequency differential between Orajel and Num-Zit is small. Orajel is mentioned to patients an average of four times a week by each pediatrician while Num-Zit gets three mentions a week.

Brand	Manufacturer	% Pediatricians recommending	Avg. no. times/week recommended
Baby food recommendations			
Gerber	Gerber	28%	3.80
Beechnut	Beechnut	24	1.71
Heinz	Heinz	20	1.34

Antidiarrhea

In the OTC antidiarrheal category, the products are divided into two subcategories: electrolyte replacement and antidiarrheal.

Between the two electrolyte-replacement products, Ross Labs' Pedialyte is recommended by pediatricians almost three times as many times as its competitor, Pennwalt's Infalyte.

Pedialyte is recommended by 86% of the pediatricians, compared to 33% for Infalyte. The average pediatrician recommends Pedialyte seven times a week, while Infalyte is mentioned twice a week.

In the antidiarrheal category, the competition is much stiffer. Upjohn's Kaopectate edged out Procter & Gamble's Pepto-Bismol. The study showed 47% of the pediatricians recommend Kaopectate while 45% recommend Pepto-Bismol.

Laxatives

The study shows that pediatricians on average are not high on laxatives for their patients.

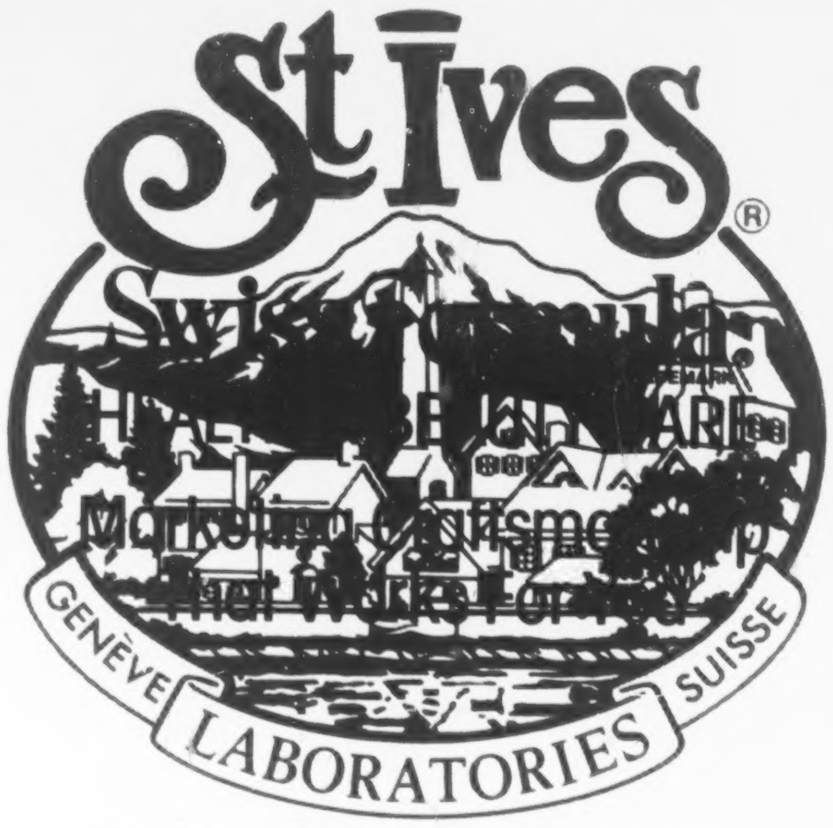
While 63% said they would recommend the most popular laxative, Fleet Enema, it is recommended only a little over one time a week by the average pediatrician.

Slightly more common are recommendations for stool softeners, a somewhat gentler product without any laxative effect. In this case, Colace by Mead-Johnson is the choice of most. The product is recommended by 56% of the physicians an average of twice a week.

In total, 57% of the pediatricians surveyed recommend some kind of an OTC laxative for their patients.

Correction

The price for Zovirax capsules was incorrectly reported in the Feb. 18 story, "F.D.A. O.K.'s capsule form of antiherpes drug." The correct average wholesale price to the pharmacist for a bottle of 100 Zovirax capsules 200mg is $51.50.



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NHMA INTERNATIONAL HOUSEWARES EXPOSITION **Merchandiser:** Buyers converge on show—p. 15

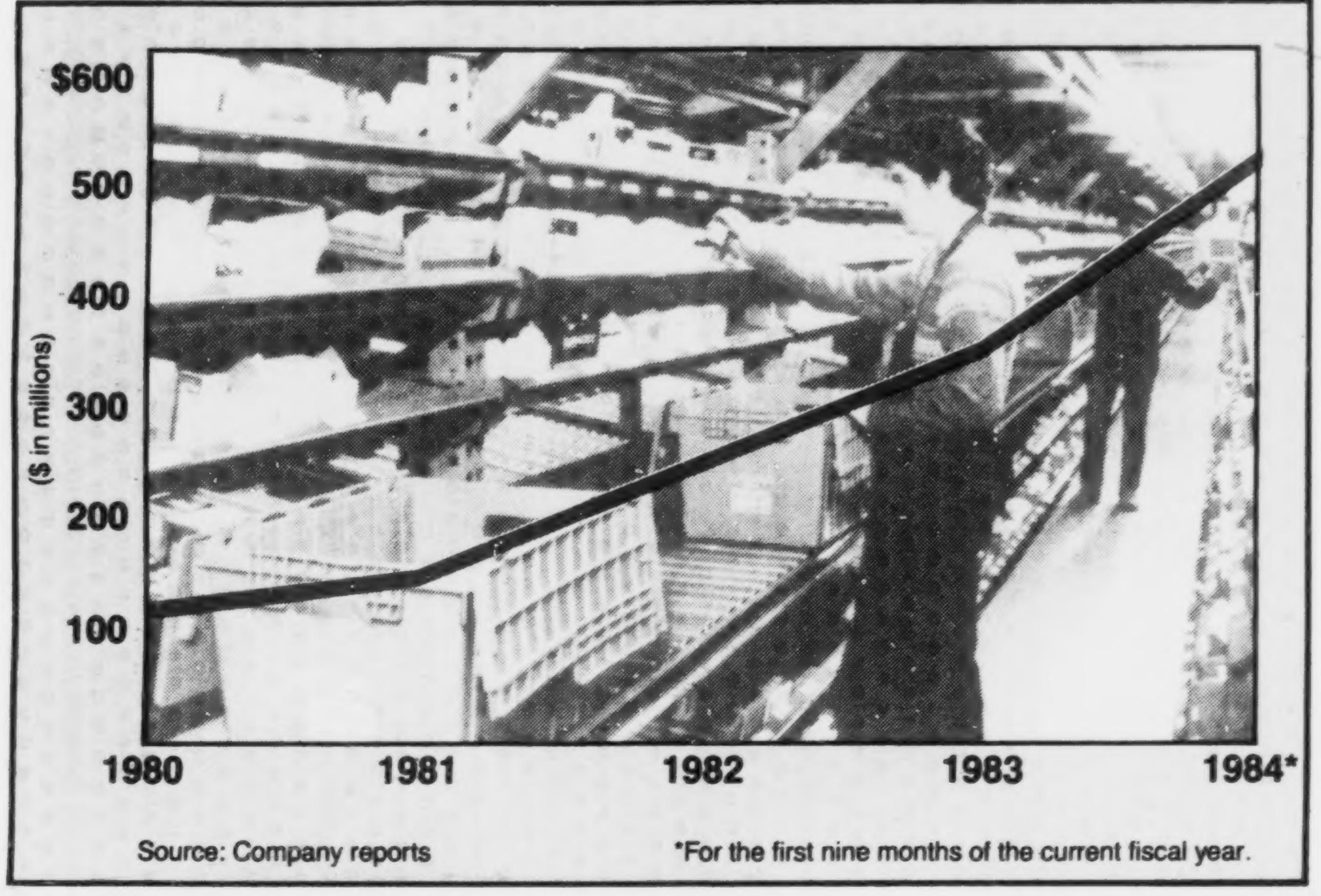
Pharmacy: Pitt school open, thanks to drug chains—p. 25

Special Report: The 100 best-selling over-the-counter drugs—p. 31

DRUG STORE NEWS®

Vol. 7/No. 7 **Serving chains, wholesalers and high-volume independents for 56 years.** Published by Lebhar-Friedman Inc. April 1, 1985

FoxMeyer's sales soar



Source: Company reports *For the first nine months of the current fiscal year.

Prosperous FoxMeyer will acquire McPike

DENVER — FoxMeyer Corp. has signed a letter of intent to acquire the drug wholesaling and pharmacy computer operations of McPike Inc., a closely held drug wholesaler.

The terms of the deal were not disclosed. However, sources close to FoxMeyer said the company was paying $60 million in cash and another $20 million to $25 million in assumed liabilities.

The acquisition thrusts FoxMeyer into a position as the leading drug wholesaler in western Missouri and Iowa. Moreover, it provides FoxMeyer with a 300,000-sq.-ft. distribution center that is widely acknowledged to be the highest volume drug wholesaling center in the country.

Based in Kansas City, Mo., McPike is projected to generate approximately $225 million to $250 million through its one and only distribution center for the fiscal year ending April 30. McPike's other revenue source, Campbell Development, a Colorado-based real estate development company, was not included in the purchase agreement.

FoxMeyer will finance the acquisition through a $75 million offering of convertible debentures, due 2010.

Although FoxMeyer enjoys a leading market position in Kansas, Nebraska, Oklahoma, Arkansas and parts of Illinois, it had been unable to penetrate McPike's key operating ar-

Continued on page 45

New look, prices at Total Plus renew Dart's deep-discount aim

RICHMOND — Dart Drug is reviving its five-year-old experiment with deep-discount drug stores.

Under the leadership of Dart's chairman Al Towle, who acquired the 78-unit company last June, Dart has remodeled all five of its Total Plus deep-discount drug stores, restocked them with 13,000 everyday sku's plus "every decent brand we can buy on deal," repriced them at 30% to 50% below the local competition, and launched a brand new television, radio and print campaign to build visibility for the mini-chain.

Towle says his goal is to double Total Plus's average $3 million to $4 million sales per store "within the year." With the ad campaign just a few weeks old as *Drug Store News* went to press, sources for the company said they had achieved that for the month.

Towle also says that he intends Total Plus to be Dart's growth vehicle for "all future stores opened out of our home market." Dart, which had total sales of about $220 million for its July 1984 fiscal year, expects to top $300 million in sales by the end of calendar '85.

The Dart conventional and combination drug stores will remain the growth vehicle for the Maryland and Washington, D.C. areas, where Dart competes with Peoples and Gray Drug Fair for market dominance, but Total Plus will be the expansion vehicle in Richmond and all future new markets.

"Deep-discount drug stores are today's most cost-effective vehicle for gaining presence in

Continued on page 46

TE NEWS....LATE NEWS....LATE NE

AMERICAN STORES reported that year-end net income was up 57% to $185.5 million, or $5.71 a share, compared with $117.9 million, or $3.61 a share, the previous year. Sales for the 53-week year, ended Feb. 2, totaled $12.1 billion, a 52% increase. Fourth-quarter net earnings soared 96% to $89.6 million, or $2.76 a share, from $45.8 million, or $1.46 a share. Sales for the 14-week period were up 84% to $3.98 billion. The results included 71% of the recently acquired Jewel Cos. from June to November 1984, and 100% thereafter.

FAY'S DRUG reported that net income for the year ended Jan. 31 rose 7% to $8.7 million as sales advanced 17% to $366.7 million. Fourth quarter net earnings were down 12% to $3.3 million as sales rose 19% to $109.4 million.

NEWSPAPER

Big B eyes Tennessee in expansion move P2

New cigarettes introduced for women, Hispanics Page 15

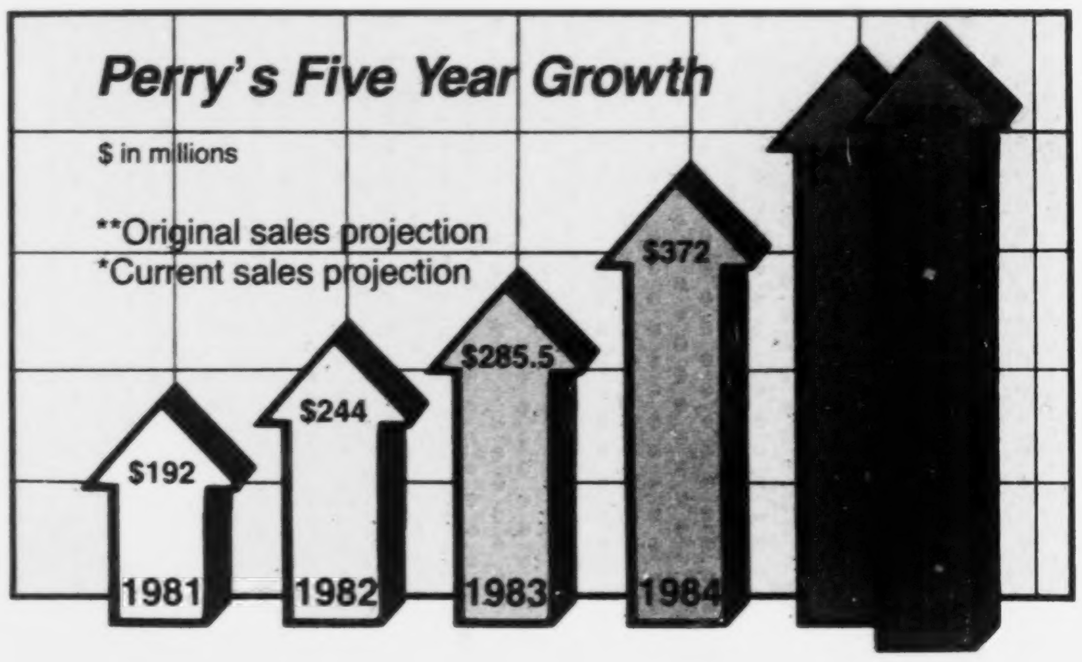
Revco executives pleased with discount price test

TWINSBURG, Ohio — With the recent "disappointing" results from their third quarter still being digested, Revco's management is hopeful that its new price discounting program, now being tested in 230 stores, will be successful enough to expand.

Revco's senior vice president of marketing Marc Dworkin reported "encouraging results" for the program's recently ended fourth week. For the first few weeks of the promotion, bad weather, including wind and snow storms, discouraged traffic and kept Revco from getting any clear reading on how the promotion was going.

However in mid-March, just as Revco announced that its third quarter earnings were down 42% while sales had only risen 6%, the Dworkin's and their management

Continued on page 46



Kole named Perry drug division chief

By Tim O'Brien

TROY, Mich. — Projecting that 1985 sales will reach close to the "magical" half-billion dollar mark, Perry Drug chairman and ceo Jack Robinson told shareholders at Perry's annual meeting last month that the year will be devoted to strengthening the markets the company already serves.

The strengthening includes restructuring the company into three divisions—drug stores, auto parts and health care—and giving more control over those divisions to the executives in charge.

As part of the management reorganization, Robinson announced that Mickey Kole, Perry's senior vp of store operations, will head the drug store division.

Perry president Don Fox currently runs the auto parts division, and Alvin Wander, Perry's executive vp and treasurer, directs the health care division.

According to Robinson, the reorganization is important as it will clearly define the re-

Continued on page 45

BEST AVAILABLE COPY

Warehouse units: cure for Eckerd video ills?

By Bruce Buckley

NEW YORK — Jack Eckerd Corp. has reached into its bag for some new medicine to revive its ailing American Home Video division.

The hoped-for cure centers on two new warehouse-style VideoConcepts stores that the company planned to open in Denver on March 22.

Stewart Turley, chairman and ceo, told financial analysts here that Eckerd is counting on the higher visibility and heavier promotional firepower of the warehouse stores to enhance the fortunes of the standard VideoConcepts stores, not only by bolstering their promotional image, but also by acting as a centralized depot for inventory.

Turley likened the concept to a "mother ship" feeding its satellites. If it is successful, he said, it will be rolled out to other markets in the 30 states in which AHV operates more than 200 video stores. Turley said the Denver experiment would weigh heavily in any decision about the future of the video chain.

At the analysts' meeting Turley also said that the company planned to sell off its 102-store Eckerd Apparel chain "within the next few weeks."

Since its acquisition in 1981, American Home Video has been a highly visible wart on Eckerd's otherwise relatively unblemished fiscal record. Because of its high profitability in the past, Eckerd had always been a darling of Wall Street. But the company's insistence on sticking with a division that has been a continuing drain has turned analysts into harriers seeking divestiture.

In the most recent quarter, AHF operating profits were up 17% to $1.4 million, but Turley conceded that the division was still lagging behind projections and was not expected to do better than break even for the year.

The warehouse stores are aimed at providing a much-needed shot in the arm. The two test stores, one 10,000 and the other 12,000 sq. ft., are located in two Denver suburbs, Englewood and Aurora. Eckerd has chosen two high-traffic strip center sites dominated by price club-type outlets and plans to promote the stores with weekly ads in the Denver market. Standard VideoConcepts stores, in contrast, are smaller and are located in shopping malls, which gives them a pricier image.

Although the new stores' prices on national brands will match those of the standard mall stores, Turley said the warehouse outlets will carry a wider variety of private label goods, which will enable the stores to "be competitive with anybody in the marketplace."

Jonathan Ziegler, an analyst for Dean Witter, said the concept "seems to make sense. The present stores are too small. The new stores will allow them to stock more inventory and give the customers a better choice."

As for a possible divestiture, Turley again said that the company will continue to "operate and develop that business" as long as there is a hope for a "respectable roi. Frankly, it's been a disappointment over the past three years."

News in brief

NWDA sponsors mktg. conference

ATLANTA — About 1,400 wholesalers and manufacturers attended the National Wholesale Druggists' Association's marketing Conference here earlier this month.

In addition to the 171 OTC and H&BA manufacturers who exhibited at the show, there were also 114 pharmaceutical exhibits plus a series of workshops on HMO's and PPO's, the emergence of pharmacy departments within convenience stores, creative new marketing ideas to sell health & beauty aids in drug stores, and strategies for reversing the decline of OTC sales within conventional drug stores.

SupeRx puts punch in sr. mgmt.

CINCINNATI — SupeRx Drugs strengthened its senior management team with the addition of Jim Whitticom, formerly senior vp of merchandising at Carls Drug. Whitticom joins SupeRx with no specific title, according to a company spokesman. Initially, Whitticom will be assigned to the chain's marketing department. Meanwhile, a spokesman for Carls said that no successor to Whitticom has been named.

Gray Drug Fair breaks even in '84

CLEVELAND — Gray Drug Fair just managed to break even last year, according to company reports issued by Sherwin-Williams, parent of the struggling drug chain. For the year ended Dec. 31, 1984, Gray Drug earned only $82,000 on sales of $623 million. The 99% decline in earnings in 1984 was attributed to more aggressive promotional activity, distribution inefficiencies and increased inventory shrinkage. Sales at the 423-unit drug chain advanced 7.8%.

Index

Classified 44
Financial 11
Merchandise News 42
Merchandiser 15
OTC special report 31
Pharmacy 25

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Vol. 7, No. 7 April 1, 1985

Eckerd creates caring image in 'Good Health' commercial

By Tim O'Brien

Television spot aired in southeast and southwest won first place for retail commercials at the National Retail Advertising Conference.

CLEARWATER, Fla. — "Eckerd Drugs dedicates the next 60 seconds to the most important thing in your life . . . [pause] . . . your health!"

So starts the soft-sell, award-winning television commercial entitled "Good Health."

The commercial was created to help position Eckerd Drug stores as a warm, caring company. "We wanted the viewer to feel that Eckerd was a company with an overriding concern for the customer," says Craig Carpenter of W. B. Doner & Company, the creators of the spot.

"It's a feel-good spot," says Eckerd's supervisor of broadcast, Kevin Weinman. "It's a message from the Eckerd pharmacist that says you can always come to our pharmacy for help."

The spot is a tribute to healthy living.

The action takes place at a wedding reception with dance music playing softly in the background. A young girl notices a lonely elderly man sitting by himself, being ignored by everyone. She goes up to the band leader and asks him to play something fast. She could be his granddaughter.

As the music begins, she grabs the man's hand, pulls him to the dance floor, a smile crosses his face, and they start dancing.

All the others stop and watch as the old man and young girl boogie across the floor.

As the crowd joins the jubilant man in a dance line, the

Continued on page 45

Eckerd eyes deep-discount entry

NEW YORK — Eckerd Drug "may very well test" a deep-discount drug-store format, according to Stewart Turley, chairman and ceo of the Jack Eckerd Corp.

Turley told analysts here that the company has been following the deep-discount phenomenon "for some time. We think it's a viable niche."

But Turley added that nothing definite had been decided, and Eckerd does not see deep-discount stores "in any way replacing or superseding chain-drug stores.

"I see a lot of chains experimenting with the concept, but I see nobody embracing it widely," the chief exec noted.

Turley said Eckerd had faced some competition from deep discounters in Florida and Texas, but had not been hurt by them. "We get right down next to them in price," he said. "They're going to fight to get our market share."

Turley and Harry Lambert, president of Eckerd Drug, also disclosed the following during the analysts meeting.

The drug chain has begun to roll out a new higher gondola profile (54 in. to 68 in.), which has been tested in its experimental "race track" store in Florida and other units. The additional height allows a better merchandise presentation, according to Lambert. It also helps increase turnover.

NW still faces problems after SKF suit is settled

SEATTLE — Despite the settlement of Northwestern Drug/Velocity Hospital Group's lawsuit against SmithKline Beckman and the National Wholesale Druggists' Association, Northwestern still faces several challenges.

Under the settlement, SmithKline has agreed to supply SKF pharmaceutical products to Northwestern for Velocity's hospital accounts, but will continue to withhold products for Northwestern's retail accounts, including the wholesaler's parent company, Pay 'n Save. SmithKline's policy is not to supply products to wholesalers owned by a retail company.

As a result of this provision, Northwestern must continue to buy single-source, nonhospital drugs from other wholesalers and bill its retail customers at the same price Northwestern charged before the cutoff by SmithKline. That means that Northwest-

Continued on page 45

Correction

The manufacturer of NumZit was incorrectly reported in the March 18 issue of *Drug Store News*. The correct manufacturer of the baby teething product is the Purepac Pharmaceutical Co.

Medi Mart: Expansion damages profit picture

BOSTON — The Stop & Shop companies reported that a "very ambitious expansion schedule" for Medi Mart had a negative impact on the drug chain's operating profits during fiscal 1984.

The company opened 10 drug stores during the year, bringing the total to 64 in five states. "Drug stores have a relatively long maturation period," the company noted in a release on its 1984 performance, "and do not make a substantial contribution to profit until the third or fourth year of operation."

Medi Mart's financial results are lumped together with the company's other, smaller general merchandise businesses, which include Charles B. Perkins Stores and Almy's Department Stores. Stop & Shop breaks out only the financial performances of Bradlees department stores and its chain of supermarkets.

The smaller general merchandise group, which contributed 5.7% to Stop & Shop's 1984 sales and 1.7% to operating profits, registered a decline in operating profits for the 53-week fiscal year ended Feb. 2. Profits were $2 million compared to $3.4 million for the previous 52-week year. Sales for the group were up slightly to $185.1 million from $182.7 million.

For the 13-week fourth quarter, operating profits for the group increased to $2.6 million from $2 million in the 12-week previous period, while sales rose to $49.9 million from $48.5 million.

For the company as a whole, net earnings increased 8% to $54.8 million from $50.8 million in the previous year. Earnings per share this year were $4.60 on a primary basis and $4.12 fully diluted.

Genovese income up 7%

MELVILLE, N.Y. — Genovese Drug Stores registered a 7.2% increase in net income for the year ended Feb. 1 and a 13.7% gain in sales.

Profits for the 52-week year rose to $4.1 million, or $1.03 a share, from $3.9 million, or 96¢ a share, in the previous 53-week year. Sales increased to $220.3 million from $193.8 million.

For the 12-week fourth quarter, profits declined slightly to $1.69 million, or 42¢ a share, from $1.71 million.

		STOCK PRICE							TREND TO MARKET				EARNINGS/SHARE					P/E	DIVIDENDS			FINANCIAL POSITION				
		From 02/22/85 - 03/11/85							Price Trend (% per day)		Volume Trend (% per day)			Latest 12 Months vs Preceding 12 Months Change					Indicated Dvd. rate						Last Fiscal Year (Per Share)	
					Change		52-Week		Last 30 Days	Last 5 Days	Last 30 Days	Last 5 Days	Last Fiscal Year			5-Year Annual Growth Rate	Profit Margin	Latest P/E Ratio			Last X-Dvd. Date	Last Fiscal Year		Current Ratio	Long Term Debt	Common Stock Equity
Name	Symbol	High	Low	Close	Amt	Pct	High	Low						Amt.	Pct				Amt.	Yield		Revenue	Earnings			
-	-	$	$	$	$	%	$	$	%	%	%	%	$	$	%	%	%	-	$	%	-	$ Mil	$ Mil	-	$	$
Chain Store transactions																										
Am Stores	ASC	56.00	52.13	54.50	.00	.00	56.00	26.50	.40	-.13	-1.16	-3.59	3.61	.60 N	18.0	45.0	1.5	13.8	.64	1.2	12-19-84	7983.7	117.9	1.5	12.39	15.26
Begley Co	BGLY	16.75	15.75	16.00	.00	.00	16.75	14.50	.13	.87	-.45	10.00	1.33	-.30 N	-20.4	-8.0	1.1	13.7	.68	4.3	01-14-85	61.5	.7	1.9	15.55	18.26
Big B	BIGB	16.63	15.25	16.63	.63	3.91	16.63	8.88	.66	1.50	-2.61	34.81	.53	.50 N	454.5	19.0	3.0	27.3	.00	.0	09-21-83	117.0	3.5	2.3	.18	3.88
Drug Sys	DRGS	5.63	5.13	5.25	.00	.00	6.25	3.25	1.28	.30	4.36	-61.76	.56	-.25 N	-38.5	NC	2.1	13.1	.00	.0	01-25-84	82.3	1.7	3.0	1.28	5.84
Eckerd, Jack	ECK	31.75	29.00	29.63	-.13	-.42	32.88	20.25	-.24	-1.24	.36	-30.65	2.27	.26 S	12.1	5.0	3.3	12.3	1.04	3.5	03-11-85	2622.5	85.4	2.0	2.52	16.47
Fay's Drug	FAY	12.00	10.75	11.00	-.88	-7.37	13.00	8.38	-.41	-.88	-2.80	10.69	.60	.12 N	22.2	47.0	2.6	16.7	.20	1.8	03-18-85	312.4	8.1	1.7	1.78	3.82
Genovese Drug	GDX	14.75	13.88	14.13	-.63	-4.24	16.63	11.13	-.20	.61	-.13	30.99	.96	.21 N	25.3	111.0	2.0	13.6	.20	1.4	12-19-84	193.8	3.9	1.9	2.83	4.92
Hook Drugs	HOOK	36.00	35.75	36.00	.13	.35	36.50	18.00	.90	.41	-7.76	-16.44	1.87	-.14 F	-7.0	6.0	2.3	19.3	1.00	2.8	01-09-85	350.9	8.1	1.7	2.75	10.38
Longs Drg Strs	LDG	54.88	50.25	51.63	-.25	-.48	55.00	34.00	.22	.13	-.26	19.93	3.43	.36 N	11.0	10.0	3.0	14.2	1.28	2.5	11-28-84	1214.4	36.4	1.9	.00	21.13
Medicare Glaser	MGCO	5.75	5.25	5.50	-.25	-4.35	8.50	3.50	-.27	-.51	-7.57	40.30	.43	-.19 N	-43.2	102.0	1.4	22.0	.00	.0	00-00-00	76.7	1.1	1.6	1.12	3.49
Pay N Save	PAYN	22.88	22.75	22.75	.00	.00	23.63	14.38	-.02	.42	-2.70	-2.94	2.02	-.23 S	-13.3	.0	2.5	15.2	.00	.0	08-20-84	1220.5	30.1	2.0	9.01	14.37
Pay Less NW	PAY	27.00	26.50	26.75	.25	.94	27.50	14.50	-.04	.42	-13.77	28.65	1.35	.34 S	29.8	26.0	2.9	18.1	.34	1.3	12-17-84	852.9	24.7	1.8	4.62	7.19
Perry Drug	PDS	22.13	18.13	19.75	-1.38	-6.51	22.13	12.38	-.05	1.01	.26	23.94	1.26	.24 F	23.5	17.0	2.1	15.7	.28	1.4	02-21-85	370.3	7.6	1.5	2.40	10.60
Revco Drug	RDS	26.38	24.88	25.13	-.88	-3.37	32.88	22.50	-.31	-.03	-.68	-21.65	2.54	.18 S	8.5	22.0	4.2	10.9	.80	3.2	02-26-85	2227.5	93.4	2.1	1.08	12.22
Rite Aid Corp	RAD	33.50	29.75	31.25	.75	2.46	33.50	17.50	.33	-.83	-2.06	20.43	1.47	.32 N	24.1	11.0	5.1	18.9	.50	1.6	01-08-85	1223.3	62.2	2.3	.49	7.68
Thrifty Cp	TFD	22.25	21.13	21.13	-.13	-.59	22.88	11.50	-.19	-.37	-1.43	-28.74	1.40	.27 Q	23.3	21.0	2.1	14.8	.60	2.8	02-04-85	1299.3	27.9	1.5	4.46	7.72
Walgreen Co	WAG	54.63	48.25	49.13	-4.38	-8.18	54.63	28.63	.01	-.98	1.24	16.28	2.78	.50 Q	21.0	33.0	3.1	17.1	.88	1.8	02-11-85	2744.6	85.4	1.7	1.73	13.52
Wholesaler's transactions																										
Bergen Bruns	BBCA	26.63	25.00	25.63	.38	1.49	28.50	19.00	-.18	.51	3.19	-16.27	1.57	.08 Q	5.1	23.0	1.2	15.6	.32	1.2	01-28-85	1703.4	19.6	1.6	1.08	11.11
Cardinal Distrb	CDIC	18.00	17.50	17.50	-.50	-2.78	18.25	12.00	.29	-.41	-8.64	48.28	1.01	.12 N	12.4	NC	1.1	16.1	.02	.1	01-28-85	243.3	2.6	1.8	1.01	6.50
Durr Fillauer	DUFM	15.25	14.75	14.88	.13	.85	15.25	10.25	.02	-.25	-1.59	17.90	.92	.12 F	15.0	21.0	1.7	16.2	.16	1.1	02-25-85	341.7	5.8	2.3	2.03	6.80
McKesson Cp	MCK	41.50	37.63	41.38	2.88	7.47	41.50	32.38	.10	1.73	4.01	78.19	3.78	-.42 N	-10.7	-1.0	1.6	11.8	2.40	5.8	02-25-85	4260.0	68.7	1.4	10.45	30.25
Foxmeyer Cp	FOXM	29.75	28.25	28.50	-.38	-1.30	29.75	20.00	.23	-.30	-3.22	54.27	1.27	1.22 N	141.9	122.0	1.1	13.7	.00	.0	00-00-00	464.2	5.2	2.0	3.95	11.86
Ketchum	KCH	15.88	14.63	15.38	-.13	-.81	17.13	10.09	-.04	.85	1.84	-3.52	.77	-.46 N	-49.5	100.0	.3	32.7	.00	.0	09-24-84	245.1	.8	1.5	6.37	6.74
Owens & Minor	OBOD	15.25	14.50	15.00	.50	3.45	15.25	11.25	.07	.26	2.76	-47.85	1.43	.02 F	1.4	84.0	1.2	10.5	.36	2.4	12-10-84	306.7	3.6	2.8	5.07	11.69
Spectro Indus	SPO	16.88	14.94	15.88	.75	4.96	16.88	8.69	.42	-.42	-4.05	-23.30	.89	.36 N	46.2	53.0	1.8	13.9	.09	.6	02-27-85	395.4	7.2	1.7	1.23	4.44
Manufacturer's transactions																										
Abbott Labs	ABT	50.13	46.75	48.63	1.00	2.10	50.13	36.75	.16	-.11	-.12	-1.52	3.34	.48 F	16.8	28.0	13.0	14.6	1.20	2.5	01-09-85	3104.0	402.6	1.9	4.00	11.71
Am Home Prod	AHP	59.00	56.25	57.00	.38	.66	59.00	46.75	.15	.04	-.22	21.29	4.76	.76 F	19.0	18.0	16.3	12.0	2.90	5.1	02-06-85	4485.5	732.1	3.0	.00	13.14
Baxter Travenol	BAX	15.25	14.00	14.88	.50	3.48	18.63	11.75	-.06	.00	-.66	-22.16	.21	-1.33 F	-86.4	-3.0	1.6	70.8	.37	2.5	03-13-85	1800.4	29.1	1.7	1.60	8.17
Block Drugs Co	BLOCA	30.50	30.50	30.50	.00	.00	31.25	24.28	.02	.41	-.26	48.89	3.18	.26 N	8.4	14.0	10.0	9.1	1.00	3.3	02-25-85	238.2	23.9	2.3	2.34	20.08
Bolar Pharm	BLR	37.50	32.13	34.63	2.50	7.78	37.50	22.50	.62	.63	-.15	39.88	1.15	.18 N	18.8	69.0	19.2	39.4	.05	.1	02-08-85	25.5	4.9	4.9	.00	4.76
Bristol-Myers	BMY	56.63	53.38	55.00	.88	1.62	56.63	43.00	.05	.10	.79	35.99	3.45	.45 F	15.0	20.0	11.3	15.9	2.00	3.6	12-28-84	4189.4	472.4	2.4	.71	13.99
Carter-Wallace	CAR	34.13	30.50	32.38	1.25	4.02	34.50	19.38	.37	.26	-5.38	-38.98	2.37	.31 N	13.4	32.0	5.7	12.4	.52	1.6	02-04-85	323.1	18.4	2.4	1.69	21.87
Cooper Labs	COO	15.75	14.50	14.75	-1.13	-7.09	27.00	10.38	-.03	-.09	-1.79	-10.34	-.12	-.63 F	-100.0	NC	-1.3	NE	.00	.0	03-12-84	155.9	-2.0	1.6	.61	11.81
Forest Labs	FRX	21.25	17.38	20.00	2.13	11.89	24.38	11.25	.17	-.06	3.19	-41.37	.54	.03 N	5.6	50.0	14.8	35.1	.00	.0	01-14-83	19.6	2.9	8.3	.28	5.42
ICN Pharm	ICN	10.25	9.25	10.13	.13	1.25	11.38	5.75	-.32	-.06	-1.67	18.36	.22	-.11 N	-44.0	41.0	5.1	72.3	.00	.0	00-00-00	37.0	1.9	4.3	.20	4.34
Key Pharm	KPH	11.38	10.25	10.50	-.25	-2.33	17.25	8.00	.03	.06	-4.23	2.74	.61	.10 F	19.6	106.0	14.6	17.2	.20	1.9	03-11-85	151.1	22.1	2.1	1.16	1.67
Lilly Eli Co	LLY	79.00	75.00	78.13	2.13	2.80	79.00	53.00	.36	.20	2.30	3.54	6.13	.79 N	13.5	12.0	15.1	11.7	3.20	4.1	02-08-85	3033.7	457.4	1.9	1.23	28.86
Lee Pharm	LPH	7.88	5.50	6.75	-.63	-8.47	9.63	2.13	.83	2.41	-6.00	-26.41	.13	.52 Q	NE	16.0	6.2	32.1	.00	.0	00-00-00	8.1	.5	3.0	.20	1.73
Marion Labs	MKC	60.00	52.50	58.25	4.25	7.87	60.00	30.50	.63	.89	-.08	11.39	1.24	.49 S	48.0	59.0	10.6	38.6	.52	.9	03-14-85	226.4	24.1	2.4	.04	7.05
Merck & Co	MRK	101.25	97.63	99.38	1.00	1.02	101.25	78.25	.17	.38	.24	-10.61	6.71	.61 F	10.0	6.0	13.8	14.8	3.20	3.2	02-28-85	3559.7	493.0	1.7	5.21	32.92
Morton Thiokol	MTI	30.50	28.63	29.63	.50	1.72	31.38	21.34	-.05	1.02	-1.54	-35.41	2.16	.39 S	20.3	25.0	5.5	12.8	.64	2.2	02-22-85	2001.5	109.8	1.5	2.94	12.50
Mylan Labs	MYLN	18.50	16.75	17.75	.25	1.43	18.50	5.50	.47	-.65	-3.36	10.09	.20	.11 N	36.7	121.0	12.7	43.3	.05	.3	02-19-85	36.9	4.7	5.4	.10	.76
Newport Pharm	NWPH	6.00	5.50	5.75	-.25	-4.17	7.25	2.75	-.20	-.49	-3.42	-12.78	-.21	-.58 S	-100.0	-37.0	-26.0	NE	.00	.0	00-00-00	7.7	-2.0	2.6	.22	.93
Pfizer Inc	PFE	42.25	37.63	39.63	1.25	3.26	42.38	29.38	.01	-.46	1.37	4.59	3.08	.35 F	12.8	21.0	13.2	12.9	1.48	3.7	01-28-85	3854.5	507.9	2.1	3.03	13.67
Reid Prov Labs	REID	5.00	4.50	4.50	-.50	-10.00	5.25	2.75	-.17	-1.72	-.87	-22.34	.12	-.04 S	-25.0	99.0	6.7	37.5	.04	.9	12-10-84	13.4	.9	3.1	.02	.92
Robins, AH	RAH	23.50	20.88	21.38	-2.00	-8.56	24.38	12.00	.12	-.57	-2.00	-19.47	2.40	-.98 N	-41.4	9.0	10.3	15.4	.76	3.6	11-19-84	563.5	58.2	3.2	1.36	14.69
Rorer Group	ROR	31.00	29.00	30.00	-.13	-.41	34.13	24.00	.31	.25	.51	2.03	2.08	.06 F	3.0	5.0	8.5	14.4	1.12	3.7	02-04-85	522.1	44.3	2.0	2.18	10.43
Scherer RP Co	SCHC	10.75	9.88	10.25	-.50	-4.65	14.50	8.63	-.66	-.06	4.44	31.33	.52	-.29 S	-36.3	-5.0	2.3	20.1	.32	3.1	12-12-84	171.7	4.0	1.9	4.83	11.14
Searle, GD	SRL	58.50	56.50	57.00	.25	.44	65.50	37.50	-.18	.40	-5.70	4.37	3.24	.20 F	6.6	19.0	13.0	17.6	.52	.9	02-04-85	1245.8	161.6	2.4	3.62	14.85
Squibb Corp	SQB	54.38	51.13	52.38	.63	1.21	55.25	37.50	-.07	-.32	-.84	-21.79	3.31	.37 N	11.6	10.0	9.8	14.7	1.60	3.1	02-08-85	1768.9	173.3	2.4	3.86	23.24
Sterling Drug	STY	29.25	27.25	28.63	.63	2.23	30.00	23.75	.08	.27	3.82	-14.41	2.37	.13 F	5.8	5.0	7.8	12.1	1.16	4.1	02-07-85	1827.3	143.4	2.7	1.44	14.96
Syntex Corp	SYN	59.25	54.13	55.25	.25	.45	59.25	37.75	.27	-.38	1.19	-12.20	4.08	-.45 Q	-10.1	22.0	14.7	13.8	1.92	3.5	02-08-85	916.5	134.6	2.1	5.36	18.81
Thompson Med	TM	18.38	16.75	17.00	-.38	-2.16	26.50	13.88	.04	-.65	1.00	74.34	2.20	.55 F	33.3	62.0	10.8	7.7	.40	2.4	12-19-84	197.2	21.2	3.2	.00	5.85
Upjohn Co	UPJ	77.00	73.00	76.38	2.38	3.21	77.00	45.00	.21	.38	1.03	38.40	5.67	.39 F	7.4	.0	8.0	13.5	2.56	3.4	01-04-85	2179.1	173.3	2.2	18.02	34.74
Warner-Lambrt	WLA	38.38	36.13	37.75	1.38	3.78	38.38	28.75	.05	.29	-.23	2.34	2.81	.30 F	12.0	5.0	7.1	13.4	1.48	3.9	02-04-85	3166.7	223.9	1.9	7.53	17.75
Zenith Labs	ZENI	31.00	27.75	30.50	2.25	7.96	31.00	12.00	.90	-.01	.41	-10.03	.73	-.26 N	-31.7	58.0	7.8	54.5	.00	.0	00-00-00	32.1	2.5	4.6	1.12	5.12

All data is based on sources believed to be reliable, but its accuracy is not guaranteed. Every effort will be made to correct errors, when discovered, in future issues.

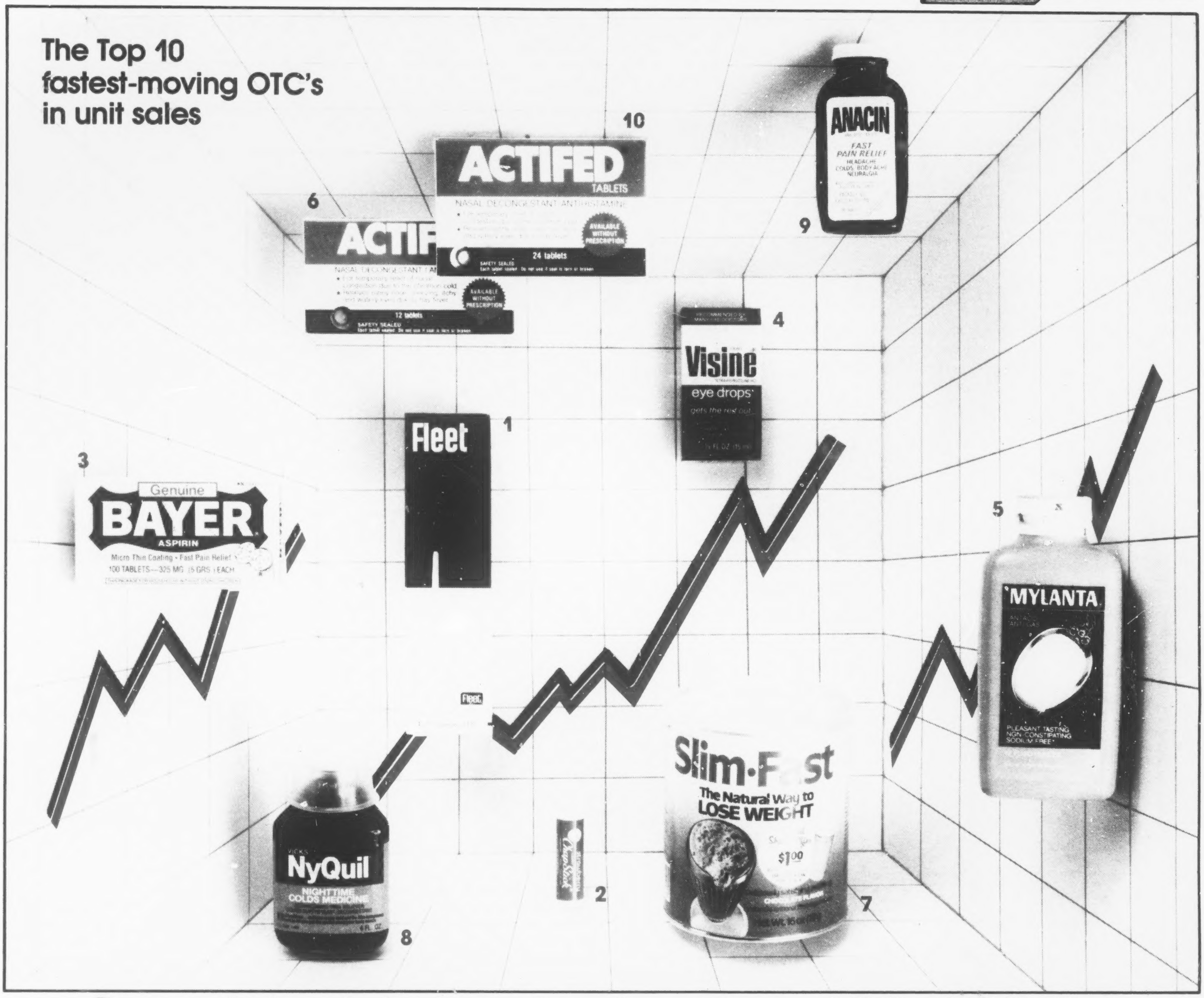
Footnotes:

NA - Not Applicable
NC - Not Calculable
NE - Negative Earnings
NM - No Meaningful Figure
Q - First Quarter
S - First 6 Months
N - First 9 Months
F - Fiscal Year

Data and Table Prepared by Media General Financial Services, Inc., Richmond, Virginia 23219

Best-selling OTC's

Special report



The Top 10 fastest-moving OTC's in unit sales

Cough/cold dominates Top 100 OTC list

2nd annual best-selling OTC study

Approximately one-third of the Top 100 over-the-counter products moved through chain drug stores last year were items used to treat coughs and colds.

Because of their heavy concentration in the Top 100 unit listing, cough/cold products also accounted for the highest dollar sales and gross profit dollars.

That was one finding of *Drug Store News*' 2nd Annual Study of Best-Selling OTC's. The study is based on 1984 warehouse withdrawal data provided by a number of chains and weighted to account for regional variations.

The study found that analgesics closely followed cough/cold on the Top 100 list, with 25% of the places. Analgesics also accounted for 23% of the Top 100 dollar products and 20% of the leading profit producers.

The battle for third place in unit movement was won by the antacids, though fourth-place eye care category recorded higher dollar sales and gross margin dollars. Antacids won 15% of the Top 100 places in unit movement, while eye care products—primarily contact lens solutions—came in with 9% of the top positions.

The lower dollar sales and profit dollars of antacids relative to eye care was due mainly to the competitive nature and lower price points of that category.

In the eye care category, consumers rely heavily on doctors' recommendations and remain brand loyal. Price, therefore, is not as big a factor as it is in some other categories, where there's a higher degree of consumer switching.

This year's survey found several products introduced to the Top 100 lists.

They included Jeffrey Martin's Doan's Pills, Whitehall's Advil tablets, Block's B.C. headache powders, Thompson Medical's newest diet aid, Slim-Fast, Ciba's Acutrim and Coopervision's Pliagel and Unisol.

Continued on page 42

10 highest volume OTC's (dollar sales)

1 Slim-Fast powder: chocolate, 16 oz.
2 Centrum tabs, 100 + 30
3 Slim-Fast powder: vanilla, 16 oz.
4 Anacin tabs, 100's
5 Actifed tabs, 24's
6 NyQuil, 10 oz.
7 Drixoral tabs, 20's
8 NyQuil, 6 oz.
9 Theragran M, 100 + 30
10 Tylenol Extra-Strength tabs, 100's

Source: *Drug Store News* survey

10 most profitable OTC's (gross margin dollars)

1 Slim-Fast powder: chocolate, 16 oz.
2 Slim-Fast powder: vanilla, 16 oz.
3 Mylanta liquid, 12 oz.
4 Allergan cleaner refill, 24 tabs
5 Theragran M, 100 + 30
6 NyQuil, 10 oz.
7 Actifed tabs, 24's
8 Tylenol Extra-Strength tabs, 60's
9 Tylenol Extra-Strength caps, 50's
10 Centrum, 100 + 30

Source: *Drug Store News* survey

10 fastest moving OTC's (unit sales)

1 Fleet enema, ½ oz.
2 Chapstick reg.
3 Bayer aspirin, 100's
4 Visine eye drops, ½ oz.
5 Mylanta liquid, 12 oz.
6 Actifed tab, 12's
7 Slim-Fast Powder: chocolate, 16 oz.
8 NyQuil 6 oz.
9 Anacin tabs, 100's
10 Actifed tabs, 24's

Source: *Drug Store News* survey

Special report

Best-selling OTC's

Unveiling the year's hottest OTC products:

Unit movement	*Dollar sales*	*Gross margin dollars*
1. Fleet enema	1. Slim-Fast powder, chocolate, 16 oz.	1. Slim-Fast powder, chocolate, 16 oz.
2. Chapstick	2. Centrum 100 + 30	2. Slim-Fast powder, vanilla, 16 oz.
3. Bayer aspirin 100's	3. Slim-Fast powder: vanilla, 16 oz.	3. Mylanta liquid, 12 oz.
4. Visine ½ oz.	4. Anacin tabs, 100's	4. Allergan Cleaner refill, 24 tabs
5. Mylanta liquid 12 oz.	5. Actifed tabs, 24's	5. Theragran M, 100 + 30
6. Actifed tabs 12's	6. NyQuil, 10 oz.	6. NyQuil, 10 oz.
7. Slim-Fast powder, chocolate, 16 oz.	7. Drixoral tabs, 20's	7. Actifed tabs, 24's
8. NyQuil 6 oz.	8. NyQuil, 6 oz.	8. Tylenol Extra-Strength tabs, 60's
9. Anacin tabs 100's	9. Theragran M, 100 + 30	9. Tylenol Extra-Strength caps, 50's
10. Actifed tabs 24's	10. Tylenol Extra-Strength tabs, 100's	10. Centrum 100 + 30
11. Robitussin DM, 4 oz.	11. Tylenol Extra-Strength tabs, 60's	11. Tylenol Extra-Strength tabs, 100's
12. J&J Plastic Strips ¾ in., 60's	12. Mylanta liquid, 12 oz.	12. Trojan lubricated 12's
13. Maalox suspension, 12 oz.	13. Tylenol Extra-Strength caps, 50's	13. Anacin Tabs, 100's
14. Tylenol Extra-Strength tabs, 30's	14. Tylenol elixir, 2 oz.	14. Tylenol drops, ½ oz.
15. Pepto-Bismol, 8 oz.	15. Tylenol Extra-Strength caps, 100's	15. B&L Sensitive Eyes saline, 12 oz.
16. Tylenol Extra-Strength caps, 24's	16. Excedrin Extra-Strength tabs, 100's	16. Drixoral tabs, 20's
17. Tylenol Extra-Strength caps, 50's	17. Dexatrim Extra-Strength, 20's	17. Tylenol Extra-Strength tabs, 30's
18. Tylenol Extra-Strength tabs, 60's	18. Robitussin DM, 4 oz.	18. Robitussin DM, 4 oz.
19. Sudafed tabs, 24's	19. Bufferin tabs, 100's	19. NyQuil, 6 oz.
20. Tylenol chew tabs, 30's	20. Allergan cleaner refill, 24 tabs	20. Actifed tabs, 12's
21. Bufferin 100's	21. Bayer aspirin, 100's	21. Dexatrim Extra-Strength, 20's
22. Afrin ½ oz.	22. Metamucil powder, 21 oz.	22. Afrin, ½ oz.
23. Bayer aspirin, 50's	23. Tylenol tabs, 100's	23. Sudafed tabs, 24's
24. Vicks 44D syrup, 3 oz.	24. Tylenol elixir, 4 oz.	24. Fleet enema
25. Trojan Enz Lubricated 3's	25. B&L Sensitive Eyes saline, 12 oz.	25. Os-Cal, 500mg., 60's
26. Dexatrim Extra-Strength, 20's	26. Maalox susp., 12 oz.	26. Visine, ½ oz.
27. Alka-Seltzer foil, 36's	27. Afrin, ½ oz.	27. Metamucil powder, 21 oz.
28. B&L Sensitive Eyes saline, 8 oz.	28. Drixoral tabs, 10's	28. Trojan Enz lubricated 3's
29. Pepto-Bismol, 4 oz.	29. Tylenol Extra-Strength caps, 24's	29. Tylenol Extra-Strength caps, 100's
30. NyQuil 10 oz.	30. Visine, ½ oz.	30. Tylenol Extra-Strength caps, 24's
31. Drixoral tabs, 10's	31. Vicks 44D syrup, 3 oz.	31. Drixoral tabs, 10's
32. Contac caps, 10's	32. Tylenol Extra-Strength tabs, 30's	32. Mylanta-2 liquid, 12 oz.
33. Tylenol tabs, 100's	33. Actifed tab, 12's	33. Tylenol chew tabs, 30's
34. B&L Sensitive Eyes saline, 12 oz.	34. Mylanta-2 liquid, 12 oz.	34. Chapstick
35. Tylenol Extra-Strength tabs, 100's	35. Contac caps, 10's	35. Tylenol elixir, 4 oz.
36. Maalox Plus susp. 12 oz.	36. Soflens Enzy. cleaner, 24's	36. Dristan tabs, 24's
37. Benylin cough syrup, 4 oz.	37. Sudafed tabs, 24's	37. Bayer aspirin, 100's
38. Excedrin Extra-Strength tabs, 100's	38. Tylenol chew tabs, 30's	38. Contac caps, 20's
39. Tylenol drops, ½ oz.	39. Tylenol drops, ½ oz.	39. Excedrin Extra-Strength tabs, 100's
40. Dristan tabs, 24's	40. Contac caps, 20's	40. Nyquil, 14 oz.
41. Tums 3-pack, 36's	41. Pepto-Bismol, 8 oz.	41. Flex-Care soft lens solution, 12 oz.
42. Blistex tube, reg.	42. Trojan lubricated, 12's	42. B&L Saline Solution, 12 oz.
43. B. C. powder, 6's	43. B&L Sensitive Eyes saline, 8 oz.	43. Sudafed tabs, 30mg., 48's
44. Alka-Seltzer Plus, 20's	44. Os-Cal, 500mg, 60's	44. Vicks 44D syrup, 3 oz.
45. Trojan regular, 3's	45. Slim-Fast Instant Pudding, 16 oz.	45. Alka-Seltzer Plus, 36's
46. Robitussin syrup, 4 oz.	46. Dristan tabs, 24's	46. Tylenol tabs, 100's
47. Ben Gay Greaseless, 1.25 oz.	47. B&L saline solution, 12 oz.	47. Gynol II jelly refill, 4.44 oz.
48. Preparation H ointment, 1 oz.	48. Advil tabs, 50's	48. Neosporin ointment, 1 oz.
49. Vicks Vapo Rub, 1.5 oz.	49. Alka-Seltzer Plus tabs, 36's	49. Alka-Selzer Plus, 20's
50. Ex-Lax tabs, chocolate, 18's	50. Fleet enema	50. Maalox susp. 12 oz.

Top 100 movers in units, dollars and profits

Unit movement	*Dollar sales*	*Gross margin dollars*
51. Correctol tabs, 30's	*51.* Maalox Plus susp., 12 oz.	*51.* B&L Sensitive Eyes saline, 8 oz.
52. Slim-Fast powder, vanilla, 16 oz.	*52.* Alka-Seltzer foil, 36's	*52.* Alka-Seltzer foil, 36's
53. Halls Mentho-Lyptus 30's	*53.* NyQuil, 14 oz.	*53.* Bufferin, 100's
54. B&L saline solution, 12 oz.	*54.* Benylin cough syrup, 4 oz.	*54.* Os-Cal, 250mg., 100's
55. Tylenol elixir, 4 oz.	*55.* Flex-Care soft lens sol., 12 oz.	*55.* B&L Daily Cleaner, 45 ml.
56. Tums 3-pack assorted flavors, 36's	*56.* B&L daily cleaner, 45ml	*56.* Benylin cough syrup, 4 oz.
57. B&L Daily Cleaner, 45 ml.	*57.* Alka-Seltzer Plus, 20's	*57.* Slim-Fast Instant Pudding, 16 oz.
58. Centrum 100 + 30	*58.* Metamucil powder, 14 oz.	*58.* Contac caps, 10's
59. Mylanta-2 liquid, 12 oz.	*59.* Robitussin-DM, 8 oz.	*59.* Today sponge, 3's
60. Tylenol tabs, 24's	*60.* Gynol II jelly refill, 4.44 oz.	*60.* Robitussin-CF, 4 oz.
61. Neosporin ointment, ½ oz.	*61.* Sudafed tabs, 30mg, 48's	*61.* Robitussin-DM, 8 oz.
62. Rolaids 12's regular	*62.* Today sponge, 3's	*62.* Trojan regular, 12's
63. Tylenol elixir, 2 oz.	*63.* Pepto-Bismol, 4 oz.	*63.* Actifed tabs, 48's
64. Drixoral tabs, 20's	*64.* Preparation H supp., 12's	*64.* Pepto-Bismol, 8 oz.
65. Ex-Lax unflavored pills, 8's	*65.* Preparation H ointment, 1 oz.	*65.* Neosporin ointment, ½ oz.
66. Correctol tabs, 15's	*66.* Correctol tabs, 30's	*66.* Preparation H supp., 12's
67. Alka-Seltzer, 25's	*67.* Bayer aspirin, 50's	*67.* Soflens Enzy. cleaner, 24's
68. Dramamine tabs, 12's	*68.* Neosporin ointment, 1 oz.	*68.* Trojan regular, 3's
69. Today sponge, 3's	*69.* Os-Cal, 250mg, 100's	*69.* Vicks Formula 44 cough syrup, 3 oz.
70. Robitussin syrup CF, 4 oz.	*70.* Robitussin syrup CF, 4 oz.	*70.* Advil, 50's
71. St. Joseph Children's aspirin, 36's	*71.* Excedrin Extra-Strength, 60's	*71.* Maalox plus susp., 12 oz.
72. Luden Cherry cough drops	*72.* Dexatrim Extra-Strength, caf.-free 20's	*72.* J&J Plastic Strips ¾ in. 60's
73. Trojan lubricated 12's	*73.* Neosporin ointment, ½ oz.	*73.* Metamucil powder, 14 oz.
74. Anacin tabs, 30's	*74.* Chapstick	*74.* Rolaids regular, 12's
75. Bayer children's aspirin, 36's	*75.* Triaminic syrup, 4 oz.	*75.* B&L Sensitive Eyes cleaning sol., 8 oz.
76. Rolaids tabs, 3-pack	*76.* Ecotrin tabs, 100's	*76.* Triaminic syrup, 4 oz.
77. Advil tabs, 50's	*77.* Actifed tabs, 48's	*77.* Donnagel PG, 6 oz.
78. Tylenol Extra-Strength caps, 100's	*78.* B&L Sensitive Eyes cleaner, 8 oz.	*78.* Preparation H ointment, 1 oz.
79. Maalox Plus tabs, 12's	*79.* Doan's Pills, 24's	*79.* Vicks Vapo Rub, 1.5 oz.
80. Preparation H supp., 12's	*80.* B&L saline solution, 8 oz.	*80.* Dramamine tabs, 12's
81. Alka-Seltzer Plus, 36's	*81.* Dramamine tabs, 12's	*81.* Ben Gay Greaseless, 1.25 oz.
82. Sudafed S.A. caps, 10's	*82.* Trojan Enz lubricated, 30's	*82.* Pliagel cleaning solution, 25mg.
83. Blistik Lip Balm	*83.* Pliagel cleaning solution 25ml	*83.* Visine, 1 oz.
84. Contac caps, 20's	*84.* Gaviscon tabs, 100's	*84.* Excedrin Extra-Strength tabs, 60's
85. Excedrin Extra-Strength tabs, 36's	*85.* Robitussin syrup, 4 oz.	*85.* Correctol tabs, 30's
86. Aspercreme, 3 oz.	*86.* Visine, 1 oz.	*86.* Bayer aspirin, 50's
87. Triaminic syrup, 4 oz.	*87.* J&J Plastic Strips ¾ in., 60's	*87.* Unisol 4 saline twinpack, 2-4 oz.
88. B&L saline solution, 8 oz.	*88.* Tylenol tabs, 50's	*88.* Doan's pills, 24's
89. Flex-Care Soft Lens sol. 12 oz.	*89.* Excedrin Extra-Strength tabs, 36's	*89.* Aspercreme tube, 3 oz.
90. Chloroseptic cherry lozenges	*90.* One-A-Day vit/min, 60's	*90.* Correctol tabs, 15's
91. Excedrin Extra-Strength tabs, 60's	*91.* Ascriptin tabs, 100's	*91.* Robitussin syrup, 4 oz.
92. Sudafed tabs 30mg, 48's	*92.* Vicks Vapo Rub, 1.5 oz.	*92.* Barnes-Hind wetting sol., 2 oz.
93. B&L Sensitive Eyes cleaning sol., 8 oz.	*93.* Coricidin D tabs, 24's	*93.* Anacin tabs, 30's
94. Riopan Plus susp., 12 oz.	*94.* Donnagel PG, 6 oz.	*94.* Coricidin D tabs, 24's
95. Luden Honey Liq. cough drops	*95.* Ben Gay Greaseless, 1.25 oz.	*95.* Sudafed S.A. caps, 10's
96. Allergan cleaner refill, 24 tabs	*96.* Sudafed S.A. caps, 10's	*96.* Ex-Lax tabs; chocolate, 18's
97. Halls Honey Lemon drops	*97.* Comtrex tabs, 24's	*97.* Pepto-Bismol liquid, 12 oz.
98. Alka-Seltzer foil, 12's	*98.* Aspercreme tube, 3 oz.	*98.* Boil & Soak Saline, 12 oz.
99. Ascriptin tabs, 100's	*99.* Acutrim 20's	*99.* Tylenol tabs, 50's
100. Tylenol tabs, 50's	*100.* Robitussin-Pe, 4 oz.	*100.* Sudafed Plus tabs, 24's

Special report

Best-selling OTC's

Continued from page 41

The OTC drugs that made it to the Top 100 included most heavily advertised and promoted products sold by drug chains.

According to Medi-Span's *OTC Pricing Guide*, for example, the suggested selling price for Chapstick is 95¢. In a recent sweep through the latest tear sheets from major chains, *Drug Store News* staffers found Chapstick to be among the most deeply discounted OTC products. The average promotional price charged for Chapstick by the chains was 52¢, actually 9¢ below AWP. At least one chain advertised the lip balm for as low as 39¢.

Other OTC products selling below AWP price were Bayer aspirin 100's, priced by most chains at around $1.78, 85¢ below AWP. The hottest price was $1.69.

The most dramatic promotions were in OTC vitamin advertising. Squibb's Theragran M 100 + 30 was selling for an average price $7.32, $2.79 below AWP. The lowest price was $6.99.

Lederle's Centrum 100 + 30 was selling for an average of $6.92 per bottle by the chains, $2.81 below its AWP.

Slim-Fast, the No. 1 diet aid among the Top 100 OTC products may owe some of its popularity to the heavy discounting being done by the chains.

On average, a 16-oz. can of Thompson Medical's Slim-Fast was selling for $4.83 and as low as $3.99. At the promotional price of $3.99, Slim-Fast is a real bargain, $3 below AWP and $6.50 below the suggested retail.

Cough/cold

Almost one-quarter of all the cough/cold products in the Top 100 were Rx-to-OTC switched drugs. Burroughs-Wellcome did exceptionally well with its Actifed product, placing two popular sizes, 12's and 24's in the Top 100 according to unit movement, dollar sales and profit dollars. Burroughs' Sudafed SA, a long-acting decongestant that was formerly prescription-only, also made it to the Top 100 in all three lists.

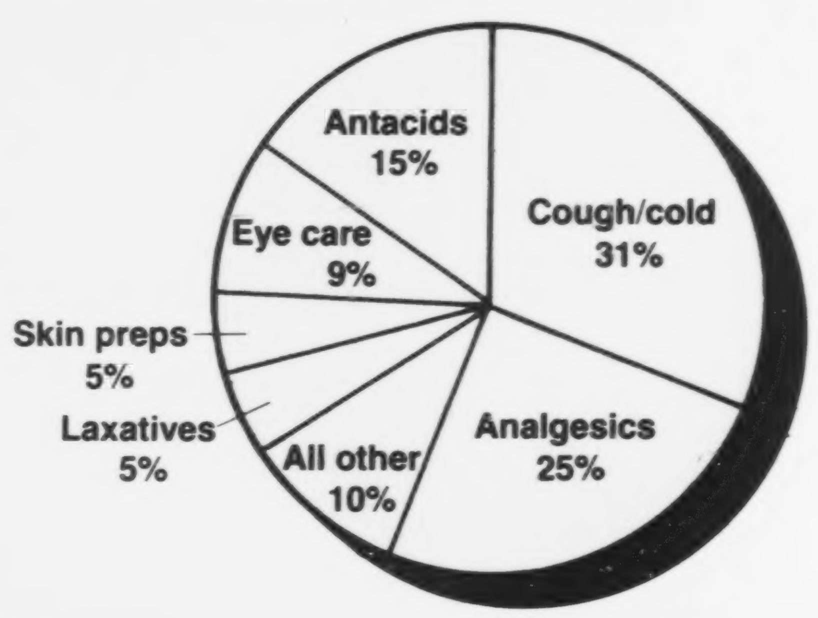
Other switched OTC's include Schering's Afrin Nasal Spray and Drixoral tablets, and Parke-Davis' Benylin cough syrup.

Sandwiched between the Rx-to-OTC drugs were some perennial winners.

Vicks NyQuil made it to the

Continued on page 43

% Share of Top 100 by category
(Unit sales)



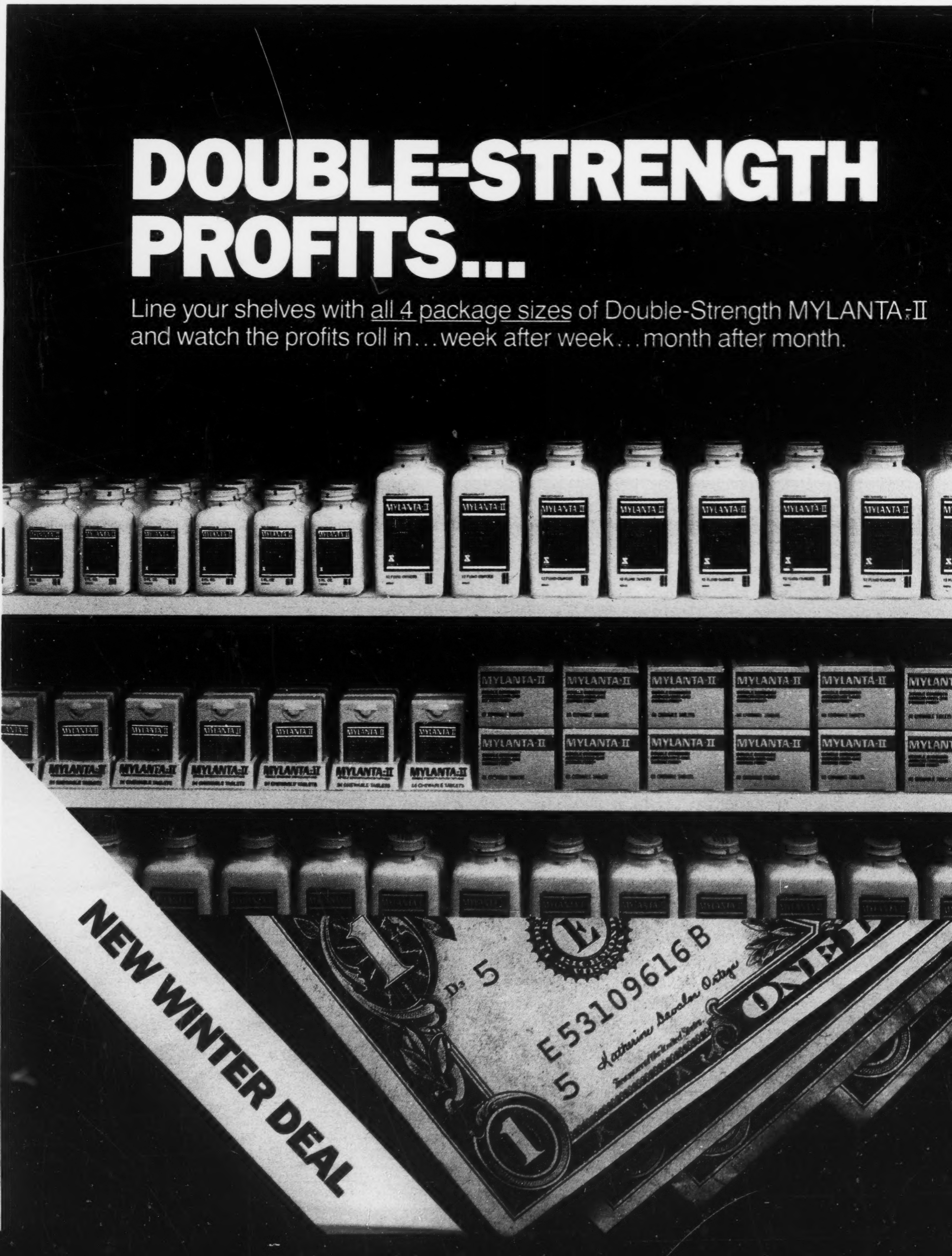
Source: *Drug Store News* survey

The fastest moving cough/cold products (unit sales)

1 Chapstick
2 Actifed tabs 12's
3 NyQuil 6 oz.
4 Actifed tabs 24's
5 Robitussin DM 4 oz.
6 Sudafed tabs 24's
7 Afrin nasal spray ½ oz.
8 Vicks Formula 44-D cough mixture 3 oz.
9 NyQuil 10 oz.
10 Drixoral tabs 10's
11 Contac caps 10's
12 Benylin cough syrup 4 oz.
13 Dristan tabs 24's
14 Blistex regular tube
15 Alka Seltzer Plus tabs 20's
16 Robitussin cough syrup 4 oz.
17 Vicks Vapo Rub 1.5 oz.
18 Halls Mentho-Lyptus drops 30's
19 Drixoral tabs 20's
20 Robitussin CF 4 oz.
21 Luden Cherry cough drops
22 Alka Seltzer Plus tabs 36's
23 Sudafed S.A. caps 10's
24 Blistik Lip Balm
25 Contac caps 20's
26 Triaminic cough syrup 4 oz.
27 Chloroseptic Cherry lozenges
28 Sudafed tabs 48's
29 Luden Honey/Licorice cough drops
30 Halls Honey/Lemon cough drops

Source: *Drug Store News* survey

Customer loyalty! Retailers report **90% repeat** purchase rate.
HERPECIN-L®
Cold Sore Lip Balm. *"It Works!"*
Write: CAMPBELL LABORATORIES, INC.
P.O. Box 812-A, FDR, NY, NY 10150


DOUBLE-STRENGTH PROFITS...
Line your shelves with all 4 package sizes of Double-Strength MYLANTA-II and watch the profits roll in...week after week...month after month.
MYLANTA-II
NEW WINTER DEAL

Best-selling OTC's

Special report

The fastest moving cough/cold products (retail dollars)

1 Actifed tabs 24's
2 NyQuil 10 oz.
3 Drixoral tabs 20's
4 NyQuil 6 oz.
5 Robitussin DM 4 oz.
6 Afrin nasal spray ½ oz.
7 Drixoral tabs 10's
8 Vicks 44-D cough mixture 3 oz.
9 Actifed tabs 12's
10 Contac caps 10's
11 Sudafed tabs 24's
12 Contac caps 20's
13 Dristan tabs 24's
14 Alka Seltzer Plus tabs 36's
15 NyQuil 14 oz.
16 Benylin cough syrup 4 oz.

Source: *Drug Store News* survey

Continued from page 34

Top 100 OTC listing with three different sizes, 6 oz., 10 oz. and 14 oz. The 6 oz. and 10 oz. were among the Top 10 best movers in cough/cold products among the 100 OTC drugs listed.

In addition, Vicks 44D Cough Syrup and Vapo Rub also made it to the Top 100 listing.

Menley & James' Contac capsules, a long-acting cold product, appeared in the Top 100 with two sizes.

Analgesics

Bayer aspirin 100's and Anacin tablets 100's topped the list of analgesics in the No. 1 and 2 positions, respectively.

Although the two aspirin-containing products led the list of analgesic movers, the true winner was still McNeil Laboratories' Tylenol.

McNeil has fully recovered from the 1982 Chicago tragedy, when the market was almost pulled out from under it, and has come back stronger than ever.

Twelve sku's of Tylenol products were represented in the analgesic category, accounting for almost half of the analgesic places on the Top 100 unit list.

Tylenol product movement was also helped by the spate of publicity given to the link between aspirin products and Reye Syndrome in children.

Additionally, the introduction of over-the-counter ibuprofen, which some observers predicted would hurt Tylenol, had little effect on the product.

If anything, the warning that consumers should avoid ibuprofen if they are allergic to aspirin products drew more

Continued on page 36

The fastest moving analgesic products (unit sales)

1 Bayer aspirin 100's
2 Anacin tabs 100's
3 Tylenol Extra-Strength tabs 30's
4 Tylenol Extra-Strength caps 24's
5 Tylenol Extra-Strength caps 50's
6 Tylenol Extra-Strength tabs 60's
7 Tylenol chewable tabs 30's
8 Bufferin regular tabs 100's
9 Bayer aspirin 50's
10 Tylenol tabs 100's
11 Tylenol Extra-Strength tabs 100's
12 Excedrin Extra-Strength tabs 100's
13 Tylenol drops ½ oz.
14 B.C. Powder 6's
15 Tylenol elixir 4 oz.
16 Tylenol tabs 24's
17 Tylenol elixir 2 oz.
18 St. Joseph's Children's aspirin 36's
19 Anacin tabs 30's
20 Bayer Children's aspirin 36's
21 Advil Pain Relief tabs 50's
22 Tylenol Extra-Strength caps 100's
23 Excedrin Extra-Strength tabs 36's
24 Excedrin Extra-Strength tabs 60's
25 Anacin Mortar 12's

Source: *Drug Stores News* survey

The highest volume analgesic products (retail dollars)

1 Anacin tabs 100's
2 Tylenol Extra-Strength tabs 100's
3 Tylenol Extra-Strength tabs 60's
4 Tylenol Extra-Strength caps 50's
5 Tylenol Elixir 2 oz.
6 Tylenol Extra-Strength caps 100's
7 Excedrin Extra-Strength tabs 100's
8 Bufferin regular tabs 100's
9 Bayer aspirin 100's
10 Tylenol tabs 100's
11 Tylenol Elixir 4 oz.
12 Tylenol Extra-Strength caps 24's
13 Tylenol Extra-Strength tabs 30's
14 Tylenol chewable tabs 30's
15 Tylenol Drops ½ oz.
16 Advil Pain Relief tabs 50's
17 Bayer aspirin 50's
18 Excedrin Extra-Strength tabs 60's
19 Ecotrin tabs 100's
20 Doan's Pills 24's
21 Tylenol tabs 50's
22 Excedrin Extra-Strength tabs 36's
23 Ascriptin tabs 100's

Source: *Drug Store News* survey

ALL YEAR LONG
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WASHINGTON, D.C.
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GREAT NEW DEAL!

4 Double-Strength sizes to strengthen your profits!

PROMOTIONAL ALLOWANCES					PROMOTIONAL SUPPORT
Free-Goods* Allowance	Plus Advertising Allowance†		Plus Merchandising Allowance		
	OPTION A	OPTION B‡	REDUCED PRICE FEATURE	DISPLAY	• Direct to consumer national T.V. promotion . . . 1,705 GRPs 88% Reach 1.7 Billion impressions • Year-round physician detailing and sampling • Major medical and trade journal advertising support
12 oz Liquid 8⅓% Off Invoice	Up to **$1.25** per dozen	**$1.00** per dozen	**$.75** per dozen reduced price feature	**$.75** per dozen floor or end cap display	
5 oz Liquid 8⅓% Off Invoice	Up to **$.75** per dozen	**$.50** per dozen	**$.50** per dozen reduced price feature	**$.50** per dozen floor or end cap display	
60s Tablets 8⅓% Off Invoice	Up to **$1.25** per dozen	**$1.00** per dozen	**$.75** per dozen reduced price feature	**$.75** per dozen floor or end cap display	
24s Tablets 8⅓% Off Invoice	Up to **$.75** per dozen	**$.50** per dozen	**$.50** per dozen reduced price feature	**$.50** per dozen off-shelf display	

Also Available—Up to **2%** billback allowance for four-color roto advertising or coupon program.
Unlimited purchases allowed for claiming billback allowances.
Retail buy-in period: March 25 through April 26, 1985.
Advertising performance period: March 25 through July 5, 1985.
Claim deadline: 45 days following appearance of ad.
Contact your Stuart Representative for complete details.

*Through participating wholesaler.
†All ads should feature both liquid and tablets.
‡Provided advertising coverage is in at least 75% of the applicant's trading area.

DOUBLE-STRENGTH
MYLANTA®-II
(aluminum and magnesium hydroxides with simethicone)

STUART PHARMACEUTICALS

The #1 choice in stores stocking as OTC cold sore recommendation.
HERPECIN-L®
Cold Sore Lip Balm. *"It Works!"*
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P.O. Box 812-A, FDR, NY, NY 10150

Special Report

Best-selling OTC's

Continued from page 35

attention to the acetaminophen products, such as Tylenol.

Nevertheless, ibuprofen made its mark quickly in chain drug stores after the prescription-only product was approved for OTC sale.

Whitehall's Advil climbed to the No. 78 spot in unit movement and was 21st among the top analgesic items. Bristol-Myers' Nuprin did not make it to the Top 100 list.

Advil owed much of its success to the fact that ibuprofen was an established prescription drug used in the treatment of arthritis. Despite the fact that the F.D.A. restricted Whitehall and Bristol from using the antiarthritic indications in their advertising campaigns and despite the lower potency of the OTC version, consumers who had been on the prescription drug flocked to the less expensive and more available OTC.

Antacids

Antacids was the third largest category represented in the Top 100 OTC's with 17 products. Mylanta 12 oz. led the charge for sales, which resulted in its being the leading antacid product in the Top 100 based on unit movement, profit dollars and total dollar sales. It was also the only antacid to make all three lists in the Top 10 OTC products.

Its strongest competitor, Maalox, placed second in the antacid category in unit movement and dollar sales and third in gross margin dollars behind Mylanta-2.

Other popular antacids, Alka-Seltzer and Pepto-Bismol, fell behind the Mylanta and Maalox leaders. Within the antacid category, Alka-Seltzer came in fourth in unit movement and gross profits and sixth in dollar sales. Pepto-Bismol captured the fifth slot in the antacid category in unit movement and gross profits and fourth in dollar sales.

The highest volume antacid products (retail dollars)

1	Mylanta liquid 12 oz.
2	Maalox suspension 12 oz.
3	Mylanta II liquid 12 oz.
4	Pepto Bismol 8 oz.
5	Maalox Plus suspension 12 oz.
6	Alka Seltzer foil 36's
7	Pepto Bismol 4 oz.
8	Gaviscon tablets 100's

Source: *Drug Store News* survey

The most profitable antacid products (gross margin dollars)

1	Mylanta liquid 12 oz.
2	Mylanta II liquid 12 oz.
3	Maalox suspension 12 oz.
4	Alka Seltzer foil 36's
5	Pepto Bismol 8 oz.
6	Maalox Plus suspension 12 oz.
7	Rolaid regular 12's
8	Pepto Bismol 12 oz.

Source: *Drug Store News* survey

The fastest moving antacid products (unit sales)

1	Mylanta liquid 12 oz.
2	Maalox suspension 12 oz.
3	Pepto Bismol 8 oz.
4	Alka Seltzer foil 36's
5	Pepto Bismol 4 oz.
6	Maalox Plus suspension 12 oz.
7	Tums 3-pk.
8	Tums assorted flavors 3-pk.
9	Mylanta II liquid 12 oz.
10	Rolaids 12's
11	Alka Seltzer tabs 25's
12	Rolaids 3-pk.
13	Maalox Plus tabs 12's
14	Riopan Plus suspension 12 oz.
15	Alka Seltzer foil 12's

Source: *Drug Stores News* survey

While Alka-Seltzer and Pepto-Bismol are classified as antacids, they are generally not bought by the serious antacid user, the ulcer patient. Mylanta and Maalox are known as antiulcer drugs and therefore are taken more frequently by a significant category of users. That partly accounts for the better showing of Stuart's Mylanta and Rorer's Maalox products.

Ayerst's Rioplan-Plus, an antacid plus antiflatulent, made it into the Top 100 based on its unit movement only.

Marion Laboratories, Gaviscon tablets 100's, heavily advertised in 1984, makes its appearance in the antacid category based on its dollar sales only.

Diet aids

Thompson Medical products still dominate the diet aid category, but the shift from capsules and tablets to powder is the big news here.

Dexatrim, the best-selling diet aid last year, has dropped behind Slim-Fast powder, which is riding a high crest.

Continued on page 38

NEW
BAUSCH & LOMB
Moisture Drops™

The Eye Drop Market Is Big And Getting Bigger

Retail sales are estimated at over $170 million for 1985, and annual growth is projected at a double digit rate.

Nearly 40 million U.S. households use eye drops.

Two Types Of Drops In The Category

1. *Artificial Tears*, preferred by most eye care professionals for the relief of eye irritation and dry eye because they do not contain vasoconstrictors.*

2. *Ocular Decongestants*, heavily advertised to the consumer for the removal of redness and relief of eye irritation. Many eye care professionals recommend against sustained use of ocular decongestants.

*Vasoconstrictors, a key ingredient in ocular decongestants, constrict the blood vessels of the eye thereby removing redness. Sustained use can mask serious eye problems and eventually lead to increased eye redness, a condition known as rebound hyperemia.

MOISTURE DROPS For All The Right Reasons

86% of eye drop users seek relief from eye irritation and dryness; only 14% use eye drops to remove redness.

Unlike VISINE† and other ocular decongestants which can only be used four times a day, MOISTURE DROPS can be used as often as needed.

Eye care professionals will recommend MOISTURE DROPS because it relieves eye irritation without masking symptoms of potential serious problems.

New MOISTURE DROPS is positioned to bridge the gap between the needs of the consumer and the concerns of the eye care professional. It will be the first artificial tears product positioned in this manner to be heavily promoted to the consumer.

Outperformed The Leading Brand In Test Markets**

70% of former VISINE users preferred MOISTURE DROPS for the relief of eye irritation.

76% said they would buy it again.

After just five months, MOISTURE DROPS became the largest selling SKU in the entire eye drop category.

Unprecedented Sales Support

Heavy consumer television and print advertising.

Consumer couponing and in-store promotions to stimulate trial purchases.

Professional sampling and advertising to assure practitioner recommendations.

Help your shelf to eye drop profits with MOISTURE DROPS from Bausch & Lomb.

**Data on file.
†Visine is a trademark of Pfizer, Inc.
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Moisture Drops™
FOR MOISTURE POOR EYES
SOOTHES
MOISTENS
COMFORTS
LUBRICATE
LIEVES IRR
AUSES

Easy to carry & use lipstick form.
(No camphor, phenol or "caines".)
HERPECIN-L®
Cold Sore Lip Balm. *"It Works!"*
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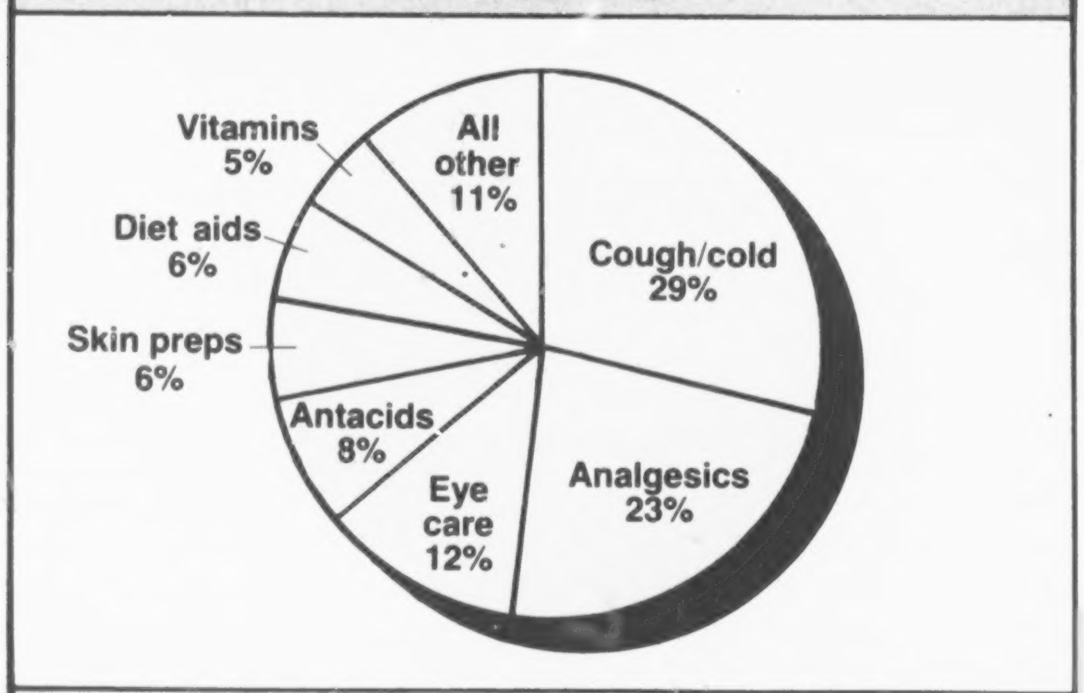
Best-selling OTC's

% Share of Top 100 by category
(Dollar sales)



Source: *Drug Store News* survey

Continued from page 36

Slim-Fast's meteoric rise is evident in the OTC study. It did not even appear among last year's best-selling diet aids, but this year captured the No. 1 position in product movement, dollar sales and profit dollars within the diet aid category.

The fastest moving diet aids

(unit sales)

1. Slim-Fast Powder: Chocolate 16 oz.
2. Dexatrim Extra-Strength caps 20's
3. Slim-Fast Powder: Vanilla 16 oz.

Source: *Drug Stores News* survey

The most profitable diet aids

(gross margin dollars)

1. Slim-Fast Powder: Chocolate 16 oz.
2. Slim-Fast Powder: Vanilla 16 oz.
3. Dexatrim Extra-Strength caps 20's
4. Slim-Fast Instant Pudding 16 oz.

Source: *Drug Stores News* survey

While Slim-Fast outpointed Dexatrim, the latter is not to be ignored. Dexatrim Extra-Strength 20's remained strong and appears in the diet aid category based on unit movement, dollar sales and margin dollars.

The highest volume diet aids
(retail dollars)

1. Slim-Fast Powder: Chocolate 16 oz.
2. Slim-Fast Powder: Vanilla 16 oz.
3. Dexatrim Extra-Strength caps 20's
4. Slim-Fast Instant Pudding 16 oz.
5. Dexatrim No Caffeine Extra-Strength caps 20's
6. Acutrim caps 20's

Source: *Drug Store News* survey

Only one product not manufactured by Thompson Medical appeared in the diet aid listing. Acutrim by Ciba's consumer division squeezed into the diet aid category based on its dollar sales.

Eye care

While Visine still holds the No. 1 position in unit movement in the eye care category, contact lens solutions like Allergan's Cleaner and B&L's Sensitive Eyes saline, led the category in dollar sales and gross margin dollars.

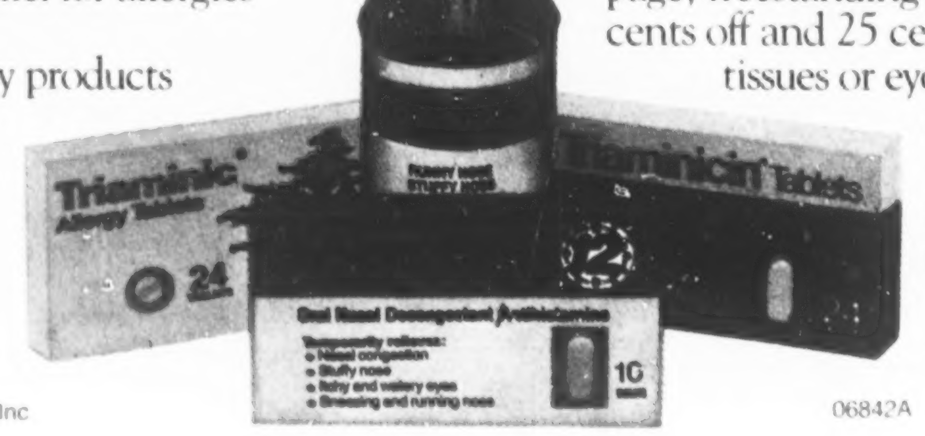
Visine was the only noncontact lens solution to make the Top 100 OTC product listing, while contact lens solutions

Continued on page 39

The fastest moving eye and lens care products
(unit sales)

1. Visine eye drops ½ oz.
2. Bausch & Lomb Sensitive Eyes Saline Solution 8 oz.
3. Bausch & Lomb Sensitive Eyes Saline Solution 12 oz.
4. Bausch & Lomb Saline Solution 12 oz.
5. Bausch & Lomb Daily Cleaner 45ml
6. Bausch & Lomb Saline Solution 8 oz.
7. Flexcare Soft Lens Solution 12 oz.
8. Bausch & Lomb Sensitive Eyes Cleaning Solution 8 oz.
9. Allergan Cleaner refill tabs 24's

Source: *Drug Stores News* survey



Sounds like time to stock up on Triaminic® and Triaminicin® allergy relief.

The allergy season is coming.

So plan to stock up on Triaminic® Cold Syrup, Triaminicin® Tablets, and Triaminic-12® Tablets this season. Because you can recommend the same great relief for allergies that you suggested for colds.

We're offering our allergy products for 8⅓% off the invoice price from April 1 to May 10, 1985.

Point-of-sale displays will make your sales climb.

And to make sure your customers will be looking for Triaminic and Triaminicin allergy relief, we'll be running ten-second television spots in high allergy areas.

To top things off, we'll be running a full-page, freestanding insert with coupons for 40 cents off and 25 cents off, plus a free box of tissues or eye drops offer in the Sunday papers in 58 markets.

So stock up on Triaminic and Triaminicin allergy relief right away.

Dorsey LABORATORIES
Division of Sandoz, Inc.
LINCOLN, NEBRASKA 68501

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06842A

The only cold sore product to be accepted and cited in **P.D.R.**

HERPECIN-L®

Cold Sore Lip Balm. *"It Works!"*

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Best-selling OTC's

Special report

The highest volume eye and lens care products
(retail dollars)

1. Allergan Cleaner Refill tabs 24's
2. Bausch & Lomb Sensitive Eyes Saline Solution 12 oz.
3. Visine Eye Drops ½ oz.
4. Soflens Enzyme Cleaner tabs 24's
5. Bausch & Lomb Sensitive Eyes Saline Solution 8 oz.
6. Bausch & Lomb Saline Solution 12 oz.
7. Flexcare Soft Lens Solution 12 oz.
8. Bausch & Lomb Daily Cleaner 45ml
9. Bausch & Lomb Sensitive Eyes Cleaning Solution 8 oz.
10. Bausch & Lomb Saline Solution 8 oz.
11. Pliagel Cleaning Solution 25ml
12. Visine Eye drops 1 oz.

Source: *Drug Store News* survey

The most profitable eye and lens care products
(gross margin dollars)

1. Allergan Cleaner refill tabs 24's
2. Bausch & Lomb Sensitive Eyes Saline Solution 12 oz.
3. Visine Eye Drops ½ oz.
4. Flexcare Soft Lens Solution 12 oz.
5. Bausch & Lomb Saline Solution 12 oz.
6. Bausch & Lomb Sensitive Eyes Saline Solution 8 oz.
7. Bausch & Lomb Daily Cleaner 45 ml
8. Soflens Enzyme Cleaner tabs 24's
9. Bausch & Lomb Sensitive Eyes Cleaning Solution 8 oz.
10. Pliagel Cleaning Solution 25 ml
11. Visine Eye Drops 1 oz.
12. Unisol 4 Saline Twinpack 4 oz. each
13. Barnes Hind Wetting Solution 2 oz.
14. Boil & Soak Saline Solution 12 oz.

Source: *Drug Store News* survey

Continued from page 38

accounted for approximately 90% of all products in the eye care category.

Bausch & Lomb products accounted for two-thirds of the eye care products in number of units moved.

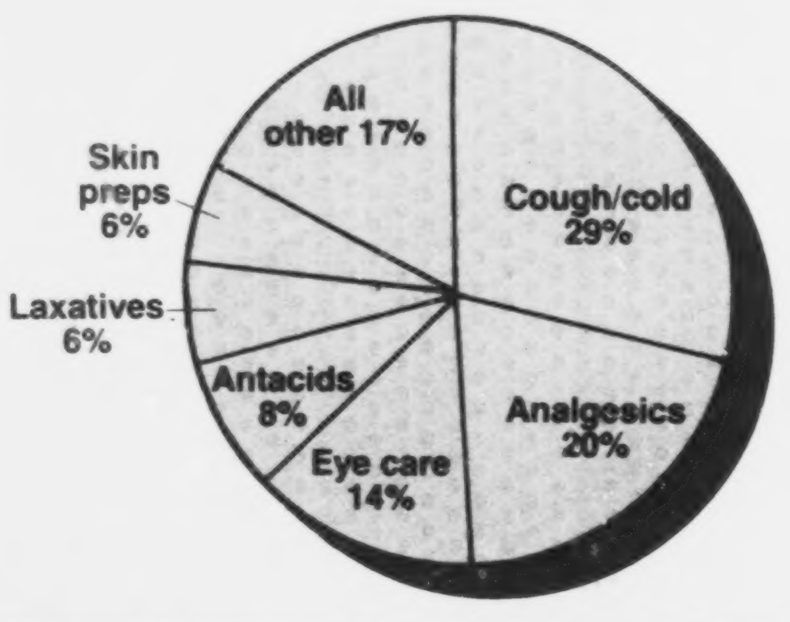
No products for the new gas-permeable lenses made the top 100 OTC's.

Competitive pricing on select OTC's

Product	*AWP*	*SRP*	*Average promo price*	*Most competitive promo price*
Chapstick	$ 0.61	$ 0.95	$ 0.52	$ 0.39
Bayer aspirin 100's	2.63	3.50	1.78	1.69
Visine Eye Drops ½ oz.	1.77	2.66	1.42	1.27
Mylanta liquid 12 oz.	2.76	4.23	2.69	1.99
Actifed tabs 24's	3.08	5.11	2.42	2.19

AWP = average wholesale price
SRP = suggest retail price
Source: *Drug Store News* Survey and Medi-Span's *OTC Pricing Guide*

% Share of Top 100 by category
(Gross profit dollars)



Source: *Drug Store News* survey

The most profitable laxative products
(gross margin dollars)

1. Fleet enema 4.5 oz.
2. Metamucil powder 21 oz.
3. Metamucil powder 14 oz.
4. Correctol tabs 30's
5. Correctol tabs 15's
6. Ex-Lax Chocolate tabs 18's

Source: *Drug Stores News* survey

The fastest moving laxative products
(unit sales)

1. Fleet enema 4.5 oz.
2. Ex-Lax Chocolate tabs 18's
3. Correctol tabs 30's
4. Ex-Lax unflavored pills 8's
5. Correctol tabs 15's

Source: *Drug Stores News* survey

The highest volume laxative products
(retail dollars)

1. Metamucil powder 21 oz.
2. Fleet Enema 4.5 oz.
3. Metamucil powder 14 oz.
4. Correctol tabs 30's

Source: *Drug Store News* survey

Laxatives

The undisputed champ in the laxative ring is Fleet enema, the No. 1 product in unit movement, dollar sales and gross profit margin dollars.

Because Fleet enema is a disposable, one-time-only product, its selling velocity along accounts for its high positioning in the laxative category as well as among the Top 100 OTC's.

The remainder of the laxative category among the Top 100 OTC's is divided among Ex-Lax, Correctol and Metamucil. Each is distinctly different in dosage form.

In the number of units moved through the drug store, Ex-Lax chocolate and Correctol tabs shared an equal number of places.

In dollar sales, Metamucil was the leader with Fleet enema and Correctol the only others making the list.

Metamucil has a higher ticket price than the other laxatives that made it into the Top 100. While Fleet enema was the No. 1 laxative in gross margin dollars based on volume alone.

The only prophylactic to make the Top 100 was Youngs Drug's Trojan brand. Based on unit movement, the Trojan products accounted for 3% of the Top 100 OTC items. Trojan's highest concentration was in the gross margin dollar area where it represented 4% of the Top 100.

Special report

Best-selling OTC's

Prescriptions

Vitamins

Only one vitamin made it into the Top 100 listing based on unit movement—Lederle's Centrum. Centrum also held the No. 1 position in dollars, but Theragram M, Os-Cal and One A Day, in that order, also made the Top 100 list. Os-Cal was the only calcium supplement to make the list.

Marion Laboratories' advertising effort for Os-Cal paid off, according to the study results. Not only did two strengths of the oyster shell calcium supplement make it into the Top 100 in dollar sales, the 500mg and 250mg strengths made it into the gross dollar listing as well.

The highest volume vitamin products *(retail dollars)*

1 Centrum tabs 100 + 30 free
2 Theragran M 100 + 30 free
3 DS Cal Calcium tabs 500mg 60's
4 DS Cal Calcium tabs 250mg 100's
5 One A Day vitamins + minerals 60's

Source: *Drug Stores News* survey

Skin preps

The No. 1 product in unit movement in the skin prep category was Ben Gay. Preparation H, an antihemorrhoidal preparation, represented 40% of the skin preps among the Top 100 OTC's.

Preparation H also did well in the dollar sales area by capping that category in the first and second positions, following closely by two sku's of neosporin, an antibacterial cream.

In profit dollars, Preparation H took a back seat to the Burroughs-Wellcome product, Neosporin. Two sku's of neosporin, 1 oz. and ½ oz., captured the first two slots in gross dollars, followed by two sku's of Preparation H.

The fastest moving skin preparation products *(unit sales)*

1 Ben Gay Greaseless ointment 1.25 oz.
2 Preparation H ointment 1 oz.
3 Neosporin ointment ½ oz.
4 Preparation H suppositories 12's
5 Aspercreme cream rub 3 oz.

Source: *Drug Stores News* survey

The highest volume skin preparation products *(retail dollars)*

1 Preparation H Suppositories 12's
2 Preparation H ointment 1 oz.
3 Neosporin ointment 1 oz.
4 Neosporin ointment ½ oz.
5 Ben Gay Greaseless ointment 1.25 oz.
6 Aspercreme cream rub 3 oz.

Source: *Drug Stores News* survey

The most profitable skin preparation products *(gross margin dollars)*

1 Neosporin ointment 1 oz.
2 Neosporin ointment ½ oz.
3 Preparation H suppositories 12's
4 Preparation H ointment 1 oz.
5 Ben Gay Greaseless ointment 1.25 oz.
6 Aspercreme cream rub tube 3 oz.

Source: *Drug Stores News* survey

Norwich Glycerin Suppositories join the Fleet family of best sellers.

FIRST NAME IN CONSTIPATION RELIEF
NOW FROM C.B. FLEET COMPANY
Fleet
pharmaceuticals
MAKERS OF FLEET ENEMA
FOR OVER 100 YEARS
NORWICH
GLYCERIN SUPPOSITORIES
LAXATIVE
ADULT SIZE SUPPOSITORIES
INFANT SIZE SUPPOSITORIES

Put the fastest selling brand on your shelf.

Norwich is already a proven winner. Nationally it is the Number 2 product in a 30 + brand category.

And...

Norwich consistently outsells Squibb, size for size in stores that stock both.* If you're not stocking Norwich Glycerin Suppositories, you're missing sales and profits.

Fleet's powerful 4 point advertising and marketing program will dramatically increase sales.

When you're constipated, you want a name you can trust.

The 15 minute laxative you can trust.

1. High frequency advertising in leading consumer magazines starting in Spring 1985.
2. Heavy consumer promotion including cross-couponing with other high volume C.B. Fleet products.
3. Three high-profit trade deals a year.
4. Co-op advertising to generate greater sales.

This top quality product will have the full sales and marketing support of C.B. Fleet.

Only one glycerin suppository has all these advantages— Norwich deserves a prominent place in your laxative section.

Norwich Glycerin Suppositories from C.B. Fleet.

Fleet BRAND® pharmaceuticals

Norwich/Fleet glycerin suppositories have been awarded the coveted Good Housekeeping seal.

* Data on file C.B. Fleet Co.

Not only the best to treat cold sores; also protects to help prevent them!

HERPECIN-L®

Cold Sore Lip Balm. *"It Works!"*

Write: CAMPBELL LABORATORIES, INC.
P.O. Box 812-A, FDR, NY, NY 10150

cs150-2

Pharmacy:
Legislators, chains ally to fight threat to AWP—p. 82

Clinical notebook:
Tests cancer-preventing vitamin qualities —p. 84

Industry profile:
Tom Field McKesson President—p. 2

DRUG STORE NEWS®

Vol. 7/No. 9 Serving chains, wholesalers and high-volume independents for 56 years. Published by Lebhar-Friedman Inc. April 15, 1985

LIGHT BULBS
RUBBERMAID
TOBACCO
2
SPICES
TRASH BAGS
PICNIC SUPPLIES
SNACKS
COOKIES
CHIPS
1
TRIAL SIZES
SPECIAL VALUES
CUSTOMER SERVICE

The new Bud's in Indianapolis will vary from original in Greenbelt, Md., (above) only slightly.

Peoples' discount units

Bud's will bloom in Indianapolis

By Tim O'Brien

ALEXANDRIA, Va. — Indianapolis . . . this Bud's for you. In fact, there will be two Bud's for you by fall.

Peoples Drug Stores will open two new "Bud's Deep Discount Drug Store & More" locations in this central Indiana city of 700,000 during 1985. The first is to open in mid-June, the other later this fall.

Officials at Peoples said Indianapolis was chosen for Bud's expansion so management could get an idea of what it was like to operate a deep discounter in a market with less discretionary income than the original Bud's. That store opened in December in highly affluent Greenbelt, Md.

The market was also a logical choice for expansion since Peoples already operates 40 drug stores in the area, as well as a large warehouse facility.

"This should be a very good market for Bud's, mainly because it is so different than the Greenbelt location," says Ken Simmons, coo and vp of Peoples Midwest division, "Our environment here is very conducive to the deep discounting

Continued on page 102

Drug Emporium to open 20 units in Philadelphia

By Marjorie Shaffer

PHILADELPHIA — Drug Emporium, the nation's largest deep-discount chain, intends to launch a full-scale assault on the Philadelphia market.

Over the next 18 months, the 48-store chain plans to unveil a minimum of 20 company-owned stores in the Greater Philadelphia Metropolitan Area.

Drug Emporium's entry into this market is the Columbus, Ohio-based chain's first foray into the nation's fourth largest city, which has long been the heart of Rite Aid territory.

"We like the market from a demographic standpoint—it's densely populated with relatively upscale customers—and from a competitive standpoint," said Gary Wilber, Drug Emporium's vp of operations. "The Philadelphia move is certainly a huge step for us."

Philadelphia is the nation's fourth-largest retail market. According to an industry survey, the city's 4.7 million people have an annual median income of $26,120. In 1983, the latest year for which data are available, retail spending there topped $22.4 billion.

According to Wilber, the company decided to enter aggressively into the Philadel-

Continued on page 102

Begley Drug slashes prices on 'most-visible' products

- **See related story page 3**

RICHMOND — Begley Drug is the latest drug chain to launch a campaign designed to make the chain's 47 drug stores "more aggressive on pricing," according to Robert J. Begley, chairman and president.

Starting last week, Begley reduced prices "dramatically" on 380 select health & beauty aids, general merchandise and pharmaceutical products.

The selective price cuts have been taken on what marketing vp Jim Davenport calls "the most visible items in the store—the products we sell with the highest frequency."

Like the price cuts announced earlier by Revco and Fay's drug in the New York state market, the cutbacks have been designed to make Begley more competitive with food and mass merchandise

Continued on page 102

....LATE NEWS....

ECKERD MED-CARE, the home health care subsidiary of Jack Eckerd Corp., has doubled its store count to six units with the acquisition of three Medicare Equipment Centers in Tampa, Clearwater and St. Petersburg, Fla. The existing Eckerd Med-Care stores are also in the Tampa Bay area.

NEWSPAPER

Rx Market Talk: a new antiarrythmic

See page 14

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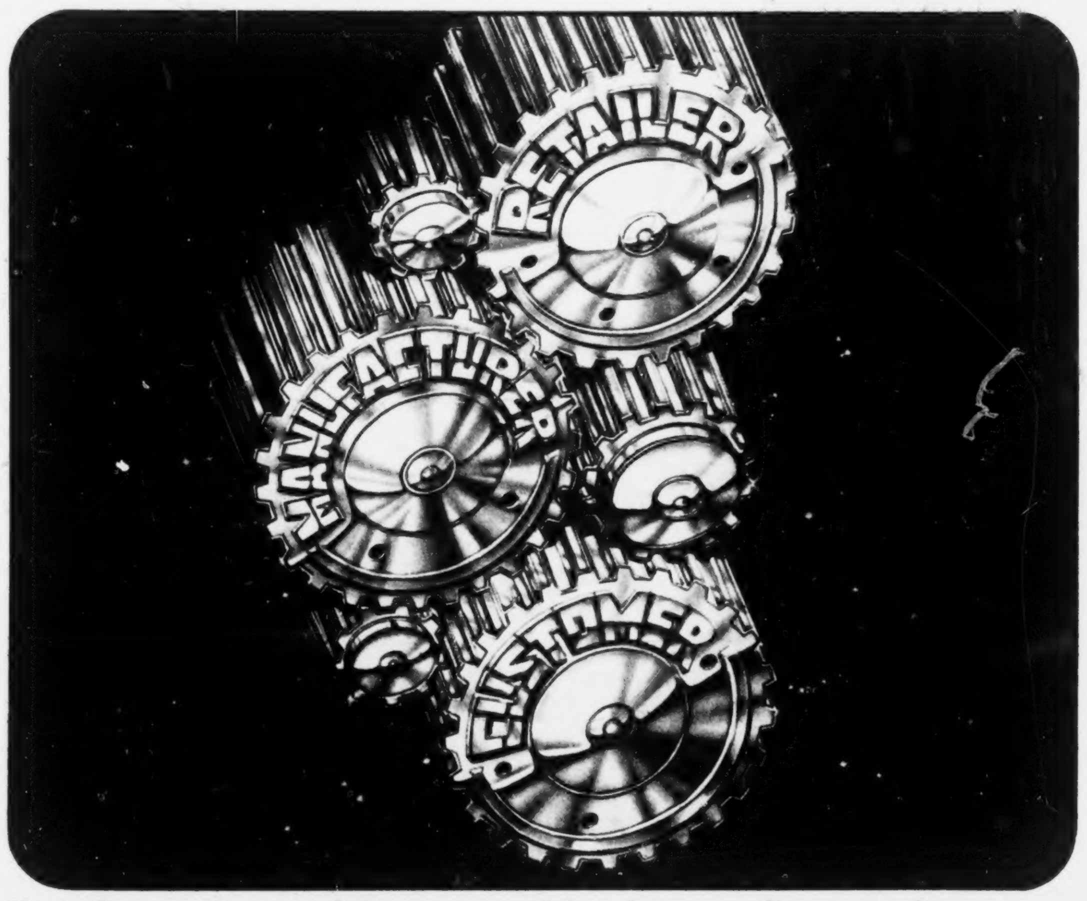

Retailers and manufacturers working in sync: See page 31.

Palm Beach again hosts 2100 at NACDS meeting

ALEXANDRIA, Va. — This year's National Association of Chain Drug Stores Annual Meeting promises to be even better than last year's.

Registration has broken all previous records—over 2,100 NACDS members are expected to attend the meeting, which will be held at The Breakers in Palm Beach, Fla., from April 26 to May 1.

"We are all looking forward to it," said James Harrison Jr., chairman-elect of NACDS and president of Harco Drug. He added: "The large attendance this year is particularly exciting."

One of the unique aspects of this year's NACDS meeting is that more time has been allotted for informal business gatherings, said Robert Bolger, president. "There will be plen-

Continued on page 33

K mart chief details plan for Pay Less

LOS ANGELES — Pay Less NW will expand first into the states contiguous to its present stores, as well as into certain areas of central and southern California, Bernard Fauber, chairman and ceo of K mart, told the Los Angeles Society of Financial Analysts.

Fauber also said he would "not rule out the possibility" of expanding into the highly competitive Los Angeles area. After the meeting, Fauber was asked if the fearsome competition in southern California (Sav-On, Thrifty, Longs) might discourage Pay Less from coming into Los Angeles.

"Until Pay Less NW entered California with its purchase of Pay Less Oakland several years ago," he said, "there might have been some hesitancy. But Pay Less NW found they could compete very well in California."

A K mart exec told *Drug Stores News* that an expansion into southern California was "logical" because Pay Less is already in Bakersfield, 100 miles north of Los Angeles, and southern California is the closest major marketing area to the new distribution center (near Sacramento) opening in 1986.

Drug Store News asked

Continued on page 101

BEST AVAILABLE COPY

News in brief

Kaye resigns from Tangible Ind.

TWINSBURG, Ohio — Leo Kaye abruptly resigned as head of Tangible Industries, the wholesale division of Odd Lot Trading Inc., less than two months after he joined the Revco subsidiary. Revco named Peter J. Laitmon, formerly vp of special products division of Media General Broadcast Services, to succeed Kaye.

Harco expands hdqtrs., warehouse

NORTHPORT, Ala. — A $4 million expansion project has been announced by Harco Drug. The plan calls for doubling the office space at corporate headquarters and for increasing warehouse space from 60,000 sq. ft. to 130,000 sq. ft. Fifty new jobs will be created for the warehouse operation.

"We are very excited about our expansion and the increased capabilities it will provide us. It will help us facilitate opening new stores and make us much more efficient in our warehouse operation," says Harco president Jim Harrison Jr. "It is a positive move to better equip us for the future."

The 44-year-old, privately owned drug store chain presently operates 54 drug stores, 10 Carport auto part stores and 10 TotalCare home health care stores in Alabama and Mississippi.

American appoints six to board

SALT LAKE CITY — American Stores Co. has elected Richard E. George to its board of directors. George joined American Stores as president of the Osco drug store chain following the acquisition of the Jewel Companies last year. In addition to heading Osco, George was recently named president of American's Sav-On Drugs division. American also named five other new board members, expanding its board of directors from 10 to 16.

Pay 'n Save appoints corp. vp's

SEATTLE — M. Lamont Bean, chairman of Pay 'n Save, announced that three division executives had been named corporate vp's. They are Allen Culver, president of the Pay 'n Save drug division's Northwest region; Tom Grimm, president of Price Savers Membership Warehouses, and Michael Rouleau, president of Ernst Home Centers.

K mart merges with Pay Less NW

TROY, Mich. — K mart announced that it had completed the acquisition of Pay Less NW for $500 million. The merger was approved late last month at a special meeting of Pay Less shareholders.

Arbor promotes two

TROY, Mich. — Eugene Applebaum, president of Arbor Drugs, announced two new key appointments for the 40-store drug chain based here. Don Stutrud, who began his career nearly 14 years ago as a pharmacist for Arbor, has been named director of store operations. Eric Bolokofsty, who joined Arbor nine years ago as an assistant manager, was promoted to director of merchandising.

Index

Classified 98
Financial 6
Partners in Progress 31
Pharmacy 81

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Vol. 7, No. 9 April 15, 1985

Peoples targets D.C.: 4th home health center

ALEXANDRIA, Va. — Peoples Drug Stores stepped up its drive into the growing home health market with the opening in Maryland of a fourth home health care center.

The 6,500-sq.-ft. store is located in the Penn Mar shopping center close to the Capital Beltway and right off heavily traveled Pennsylvania Avenue, which leads directly into downtown Washington.

With the opening, Peoples has now established the second leg of what the company anticipated will be a triangle of stores covering the densely populated Washington market.

Each of stores—the first was opened in Bailey's Crossroads, Va., five years ago—is capable of delivering up to 50 miles away, and thus a third store to the north of the District would offer maximum penetration.

Continued on page 101

HOME HEALTH CARE CENTER
Cool Skin
Spenco

The new home health center has six staff members, compared to 12 in the original center in Baily Bailey's Crossroads, Va.

Medicine Shoppe expects 100% unit increase by '90

ST. LOUIS — Medicine Shoppe plans to have 1,000 stores open by 1990, nearly doubling the number of units now in operation.

The St. Louis-based franchised pharmacy chain now has about 525 stores in 46 states, an increase of 265 stores since 1979. And the company's vigorous growth plans call for at least 110 new units in 1985.

"We expect a substantial increase in openings during fiscal 1985," said Jerome F. Sheldon, Medicine Shoppe's president and ceo. In fiscal 1984, the company added 65 units and it currently has a backlog of 117 signed license agreements.

The company's substantial growth in units is paralleled by record increase in total retail sales at the store level.

At the company's first annual meeting, company officials reported that total retail sales in stores nearly quadrupled from a base of $45 million in 1979 to over $170 million in 1984. Net earnings were up 62% in fiscal 1984 and revenues increased 27% during the same period.

More units, stronger same-store sales, in general, and "extremely successful promotions," helped propel sales in 1984, said Jeff Atkinson, Medicine Shoppe's vp of marketing.

He said that the company's colon-rectal cancer screening program was particularly successful, attracting national media attention and nearly 250,000 participants. This year, the company plans a national finger-printing program for children called "Thumbody Misses You," on May 9, 10 and 11. A new screening program is also planned for the summer.

According to David Garino, an analyst who follows Medi-

Continued on page 99

Tom Field expected to sharpen McKesson

By Lou Karney

SAN FRANCISCO — After eight months as president of the $4.3 billion McKesson Corp., Tom Field Jr. promises no magic formula.

When he talks about changes planned for the nation's leading drug wholesaler, it is in carefully chosen words, as though he were negotiating a minefield.

"In the next few months," he told *Drug Store News*, "McKesson will announce the first of a series of service programs beyond what the retailer is now getting."

Field also says the San Francisco-based wholesaler will form a service merchandising division to help food stores market H&BA and OTC products.

He would not elaborate. Security analysts, however, were not so reticent.

"With two aggressive competitors—Bergen Brunswig and FoxMeyer—McKesson will have to be a more market-responsive company," says Joel Liffman, an analyst with Drexel Burnham. "Competition will be keener, but with Field at the helm McKesson

Continued on page 99

Tom Field Jr.
McKesson president

Correction

In the March 18th issue, *Drug Store News* erroneously reported that the National Wholesale Druggists' Association had dropped Northwestern Drug as a member because Northwestern had been acquired by a retail chain, Pay 'n Save Corp.

NWDA sources say that Northwestern was dropped as a direct result of NWDA's bylaws on active members. According to Article III, Section 3, if the ownership or control of an active member is sold or transferred to another entity or corporation that is not an active member, the orginal membership must be terminated and there must be an application from the new owner for a new active membership.

NWDA has since determined that Northwestern, even though it is under the ownership of Pay 'n Save, the owner-operator of a chain of retail drug stores, is eligible for an active membership.

FINANCIAL

Med.-Glaser seeks expanded market share

ST. LOUIS — Medicare-Glaser said it expected to report a loss in the fourth quarter of its current fiscal year ended in March.

Harlan Steinbaum, chairman and ceo, said the previously announced campaign to increase market share, particularly in the St. Louis Metropolitan Area, had damaged gross margins and operating earnings.

"New store openings and increased advertising, as well as expenditures for marketing and product development by Professional Drug Systems Inc., the company's medical database subsidiary, have had a negative impact on our earnings," Steinbaum said.

The chief exec said that situation was likely to continue into the new fiscal year, "but we remain convinced that the actions taken will result in longer term growth opportunities for our company and shareholders."

Steinbaum said the company will open four new Medicare-Glaser drug stores in the St. Louis market in the current quarter. He said the new full-line stores will replace smaller Medicare-Glaser pharmacies. But Steinbaum noted that in addition to significant expenses for new store equipment, inventory and opening costs, there is always a temporary loss of earnings when stores are relocated.

Steinbaum said he was "pleased" that the drive for market share was "bearing fruit" in increased sales during the third quarter ended Dec. 31 and the first two months of the final quarter.

"We believe that the company is laying a strong foundation for increased earnings growth in the years ahead," he said.

Bergen earnings increase 22%

LOS ANGELES — Bergen Brunswig Corp. announced that net earnings for the second quarter increased 22% to $7.4 million or 58¢ a share, from $6.1 million, or 48¢ a share in the same year-earlier period. Sales for the quarter rose 42% to $594 million from $419 million.

For the first half, earnings from continuing operations climbed 19% to $13.5 million, or $1.07 a share, from $11.4 million or 90¢ a share, a year ago. Net sales and other revenues increased 33% to $1.09 billion from $816 million.

		STOCK PRICE							TREND TO MARKET				EARNINGS/SHARE					P/E	DIVIDENDS			FINANCIAL POSITION				
		From 03/08/85 - 03/25/85							Price Trend (% per day)		Volume Trend (% per day)			Latest 12 Months vs Preceding 12 Months Change					Indicated Dvd. rate			Last Fiscal Year			Last Fiscal Year (Per Share)	
					Change		52-Week																			
Name	Symbol	High	Low	Close	Amt	Pct	High	Low	Last 30 Days	Last 5 Days	Last 30 Days	Last 5 Days	Last Fiscal Year	Amt.	Pct	5-Year Annual Growth Rate	Profit Margin	Latest P/E Ratio	Amt.	Yield	Last X-Dvd. Date	Revenue	Earnings	Current Ratio	Long Term Debt	Common Stock Equity
-	-	$	$	$	$	%	$	$	%	%	%	%	$	$	%	%	%	-	$	%	-	$ Mil	$ Mil	-	$	$
Chain Store transactions																										
Am Stores	ASC	56.50	54.00	54.00	.00	.00	56.50	26.50	.35	-.50	-2.77	10.13	5.24	1.63 F	45.2	95.0	1.4	10.3	.64	1.2	12-19-84	12118.8	171.5	1.5	12.39	15.26
Begley Co	BGLY	17.00	15.75	15.75	-1.00	-5.97	17.00	14.50	.09	.16	-2.85	.00	1.33	-.30 N	-20.4	-8.0	1.1	13.5	.68	4.3	01-14-85	61.5	.7	1.9	15.55	18.26
Big B	BIGB	17.88	16.13	17.25	1.13	6.98	17.88	8.88	.70	-.28	-1.69	-4.35	.68	.15 F	28.3	22.0	3.0	25.4	.00	.0	09-21-83	148.1	4.4	2.3	.18	3.88
Drug Sys	DRGS	5.38	5.25	5.38	.13	2.38	6.25	3.25	.61	.12	-1.41	-9.80	.56	-.25 N	-38.5	NC	2.1	13.4	.00	.0	01-25-84	82.3	1.7	3.0	1.28	5.84
Eckerd, Jack	ECK	29.88	27.63	29.00	-1.25	-4.13	32.88	20.25	-.34	.93	-1.07	-27.66	2.27	.26 S	12.1	5.0	3.3	12.1	1.04	3.6	03-11-85	2622.5	85.4	2.0	2.52	16.47
Fay's Drug	FAY	11.00	9.88	10.25	-.75	-6.82	13.00	8.38	-.56	.48	-.85	-18.33	.62	.02 F	3.3	72.0	2.4	16.5	.20	2.0	03-18-85	366.7	8.7	1.7	1.78	3.82
Genovese Drug	GDX	14.50	13.75	14.00	-.25	-1.75	16.63	11.13	-.18	-.70	4.75	-28.22	1.03	.07 F	7.3	89.0	1.9	13.6	.20	1.4	12-19-84	220.3	4.1	1.9	2.83	4.92
Hook Drugs	HOOK	36.25	35.88	36.00	.00	.00	36.50	18.00	.14	.15	-12.67	73.62	1.87	-.14 F	-7.0	6.0	2.3	19.3	1.00	2.8	01-09-85	350.9	8.1	1.7	2.75	10.38
Longs Drg Strs	LDG	53.88	49.38	51.75	.00	.00	55.00	34.00	.11	-.35	-.62	9.97	3.43	.36 N	11.0	10.0	3.0	14.2	1.28	2.5	03-06-85	1214.4	36.4	1.9	.00	21.13
Medicare Glaser	MGCO	5.50	4.75	4.75	-1.00	-17.39	8.50	3.50	-.48	-2.33	.80	-4.93	.43	-.19 N	-43.2	102.0	1.4	19.0	.00	.0	00-00-00	76.7	1.1	1.6	1.12	3.49
Pay N Save	PAYN	22.75	22.75	22.75	.00	.00	23.63	14.38	.07	.14	3.17	54.92	2.02	-.81 N	-41.3	-2.0	2.5	19.8	.00	.0	08-20-84	1220.5	30.1	2.0	9.01	14.37
Pay Less NW	PAY	27.00	26.75	26.88	.13	.47	27.50	14.50	.08	.08	-4.13	-77.94	1.35	.34 S	29.8	26.0	2.9	18.2	.34	1.3	12-17-84	852.9	24.7	1.8	4.62	7.19
Perry Drug	PDS	20.13	18.13	18.25	-1.63	-8.18	22.13	12.38	-.54	-.98	.83	42.75	1.26	.14 Q	13.0	18.0	2.1	15.0	.28	1.5	02-21-85	370.3	7.6	1.5	2.40	10.60
Revco Drug	RDS	25.50	23.38	24.25	-.63	-2.51	32.88	22.50	-.48	.83	-1.17	17.05	2.54	.18 S	8.5	22.0	4.2	10.5	.80	3.3	02-26-85	2227.5	93.4	2.1	1.08	12.22
Rite Aid Corp	RAD	32.00	29.75	31.63	1.38	4.55	33.50	17.50	.35	.03	-1.62	-8.96	1.47	.32 N	24.1	11.0	5.1	19.2	.50	1.6	01-08-85	1223.3	62.2	2.3	.49	7.68
Thrifty Cp	TFD	21.38	20.13	20.88	-.50	-2.34	22.88	12.00	-.15	.47	-.91	-7.90	1.40	.27 Q	23.3	21.0	2.1	14.6	.60	2.9	02-04-85	1299.3	27.9	1.5	4.46	7.72
Walgreen Co	WAG	53.38	48.88	53.25	4.38	8.95	54.63	28.63	-.11	1.39	.86	-29.37	2.78	.50 Q	21.0	33.0	3.1	18.5	.88	1.7	02-11-85	2744.6	85.4	1.7	1.73	13.52
Wholesaler's transactions																										
Bergen Bruns	BBCA	25.63	23.50	23.50	-2.13	-8.29	28.50	19.00	-.21	-.57	2.46	42.51	1.57	.08 Q	5.1	23.0	1.2	14.3	.32	1.4	01-28-85	1703.4	19.6	1.6	1.08	11.11
Cardinal Distrb	CDIC	18.00	17.00	17.50	.00	.00	18.25	12.00	-.04	.14	-3.30	12.82	1.01	.12 N	12.4	NC	1.1	16.1	.02	.1	01-28-85	243.3	2.6	1.8	1.01	6.50
Durr Fillauer	DUFM	14.88	13.75	14.00	-1.00	-6.67	15.25	10.25	-.16	.35	-5.44	-48.06	.92	.12 F	15.0	21.0	1.7	15.2	.16	1.1	02-25-85	341.7	5.8	2.3	2.03	6.80
McKesson Cp	MCK	45.25	40.50	42.75	2.50	6.21	45.25	32.38	.60	-1.03	.90	-12.82	3.78	-.42 N	-10.7	-1.0	1.6	12.2	2.40	5.6	02-25-85	4260.0	68.7	1.4	10.45	30.25
Foxmeyer Cp	FOXM	28.50	27.00	27.50	-1.75	-5.98	29.75	20.00	-.09	-.41	.37	-3.08	1.27	1.22 N	141.9	122.0	1.1	13.2	.00	.0	00-00-00	464.2	5.2	2.0	3.95	11.86
Ketchum	KCH	17.50	14.75	17.25	2.63	17.95	17.50	10.09	.29	1.47	5.68	6.82	.77	-.46 N	-49.5	100.0	.3	36.7	.00	.0	09-24-84	245.1	.8	1.5	6.37	6.74
Owens & Minor	OBOD	15.00	14.25	14.50	.00	.00	15.25	11.25	.09	.00	-6.28	36.02	1.43	.02 F	1.4	84.0	1.2	10.1	.40	2.8	03-11-85	306.7	3.6	2.8	5.07	11.69
Spectro Indus	SPO	16.63	14.88	16.00	.50	3.23	16.88	8.69	.38	.86	-1.06	3.96	.89	.36 N	46.2	53.0	1.8	14.0	.09	.6	02-27-85	395.4	7.2	1.7	1.23	4.44
Manufacturer's transactions																										
Abbott Labs	ABT	52.38	48.38	50.63	1.88	3.85	52.38	36.75	.34	-.35	-.13	-23.61	3.34	.48 F	16.8	28.0	13.0	15.2	1.40	2.8	04-09-85	3104.0	402.6	1.9	4.00	11.71
Am Home Prod	AHP	60.88	56.63	60.75	3.75	6.58	60.88	46.75	.27	.94	.17	7.69	4.76	.76 F	19.0	18.0	16.3	12.8	2.90	4.8	02-06-85	4485.5	732.1	3.0	.00	13.14
Baxter Travenol	BAX	15.88	14.00	15.88	.88	5.83	18.63	11.75	.33	1.05	-.77	19.39	.21	-1.33 F	-86.4	-3.0	1.6	75.6	.37	2.3	03-13-85	1800.4	29.1	1.7	1.60	8.17
Block Drugs Co	BLOCA	30.50	30.50	30.50	.00	.00	31.25	24.28	.07	.16	-1.63	26.92	3.18	.26 N	8.4	14.0	10.0	9.1	1.00	3.3	02-25-85	238.2	23.9	2.3	2.34	20.08
Bolar Pharm	BLR	37.75	34.50	36.75	-.38	-1.01	37.75	22.50	.61	.76	-1.23	8.16	1.22	.07 F	6.1	47.0	18.2	30.1	.05	.1	02-08-85	29.1	5.3	4.9	.00	4.76
Bristol-Myers	BMY	56.25	54.63	55.75	.75	1.36	56.63	43.00	.14	.11	1.06	-6.22	3.45	.45 F	15.0	20.0	11.3	16.2	1.88	3.4	03-29-85	4189.4	472.4	2.4	.71	13.99
Carter-Wallace	CAR	33.88	31.50	32.00	-.25	-.78	34.50	19.38	.01	-.57	-6.32	-21.95	2.37	.31 N	13.4	32.0	5.7	12.2	.52	1.6	02-04-85	323.1	18.4	2.4	1.69	21.87
Cooper Labs	COO	15.00	14.38	14.75	-.13	-.84	27.00	12.50	-.34	.23	4.29	12.57	-.12	-.90 Q	-100.0	NC	-1.3	NE	.00	.0	03-12-84	155.9	-2.0	1.6	.61	11.81
Forest Labs	FRX	20.13	17.50	17.75	-2.63	-12.88	24.38	11.25	-.01	-.83	-1.04	-37.69	.54	.03 N	5.6	50.0	14.8	31.1	.00	.0	01-14-83	19.6	2.9	8.3	.28	5.42
ICN Pharm	ICN	11.25	10.00	11.25	1.25	12.50	11.38	5.75	.51	.73	4.88	16.70	.00	-.22 F	-100.0	40.0	1.6	NC	.00	.0	00-00-00	44.8	.7	4.3	.20	4.34
Key Pharm	KPH	10.63	9.25	9.88	-.75	-7.06	17.13	8.00	-.54	.64	-3.31	-2.76	.61	.10 F	19.6	106.0	14.6	16.2	.20	2.0	03-11-85	151.1	22.1	2.1	1.16	1.67
Lilly Eli Co	LLY	79.50	76.25	76.63	-1.38	-1.76	79.50	53.00	.28	-.04	1.43	-2.47	6.73	.60 F	9.8	12.0	15.8	11.4	3.20	4.2	02-08-85	3109.2	490.2	1.7	1.63	31.04
Lee Pharm	LPH	6.75	5.38	5.63	-1.13	-16.67	9.63	2.13	-1.11	-1.39	-4.56	-14.01	.13	.52 Q	NE	16.0	6.2	26.8	.00	.0	00-00-00	8.1	.5	3.0	.20	1.73
Marion Labs	MKC	58.50	52.00	55.00	-3.00	-5.17	60.00	30.50	.28	.29	1.74	34.93	1.24	.49 S	48.0	59.0	10.6	36.4	.52	.9	03-14-85	226.4	24.1	2.4	.04	7.05
Merck & Co	MRK	103.88	99.00	102.75	3.38	3.40	103.88	78.25	.25	.46	.00	-4.11	6.71	.61 F	10.0	6.0	13.8	15.3	3.20	3.1	02-28-85	3559.7	493.0	2.0	2.48	35.29
Morton Thiokol	MTI	30.25	29.00	29.13	-.13	-.43	31.38	23.81	.15	-.44	-2.00	24.40	2.16	.39 S	20.3	25.0	5.5	12.6	.64	2.2	02-22-85	2001.5	109.8	1.5	2.94	12.50
Mylan Labs	MYLN	18.38	17.50	18.38	.50	2.80	18.50	5.59	.28	.92	-5.61	16.75	.20	.11 N	36.7	121.0	12.7	44.8	.05	.3	02-19-85	36.9	4.7	5.4	.10	.76
Newport Pharm	NWPH	6.38	5.63	6.13	.38	6.52	7.25	2.75	-.06	.65	-.18	19.80	-.21	.17 N	NE	-10.0	-26.0	NM	.00	.0	00-00-00	7.7	-2.0	2.6	.22	.93
Pfizer Inc	PFE	42.63	39.63	41.75	1.25	3.09	42.63	29.38	.25	.44	-.33	.67	3.08	.35 F	12.8	21.0	13.2	13.6	1.48	3.5	01-28-85	3854.5	507.9	2.1	3.03	13.67
Reid Prov Labs	REID	4.75	4.50	4.63	.13	2.78	5.25	2.75	-.33	.95	-2.00	50.19	.12	-.04 S	-25.0	99.0	6.7	38.5	.04	.9	12-10-84	13.4	.9	3.1	.02	.92
Robins, AH	RAH	22.13	20.38	21.13	-.38	-1.74	24.38	12.00	-.10	.59	.19	-65.82	2.40	-.98 N	-41.4	9.0	10.3	15.2	.76	3.6	11-19-84	563.5	58.2	3.2	1.36	14.69
Rorer Group	ROR	30.00	29.00	29.75	.25	.85	34.13	24.00	.28	.31	-6.04	-33.99	2.08	.06 F	3.0	5.0	8.5	14.3	1.12	3.8	02-04-85	522.1	44.3	2.0	2.18	10.43
Scherer RP Co	SCHC	10.25	9.50	10.13	.13	1.25	14.50	8.63	-.45	.37	1.85	-46.52	.52	-.29 S	-36.3	-5.0	2.3	19.9	.32	3.2	12-12-84	171.7	4.0	1.9	4.83	11.14
Searle, GD	SRL	57.63	48.00	48.75	-8.38	-14.66	65.50	37.50	-.22	-1.57	7.95	53.65	3.24	.20 F	6.6	19.0	13.0	15.0	.52	1.1	02-04-85	1245.8	161.6	2.4	3.62	14.85
Squibb Corp	SQB	54.88	52.00	54.75	2.13	4.04	55.25	37.50	.23	1.04	-1.99	-9.78	3.68	.37 F	11.2	19.0	10.5	14.9	1.60	2.9	02-08-85	1886.0	197.2	2.4	3.86	23.24
Sterling Drug	STY	33.50	28.25	31.88	2.88	9.91	33.50	23.75	.52	1.81	6.07	2.76	2.37	.13 F	5.8	5.0	7.8	13.4	1.16	3.6	02-07-85	1827.3	143.4	2.7	1.44	14.96
Syntex Corp	SYN	58.13	53.88	56.75	.75	1.34	59.25	37.75	.28	.00	.29	-10.19	4.08	-.42 S	-9.5	20.0	14.7	14.1	1.92	3.4	02-08-85	916.5	134.6	2.1	5.36	18.81
Thompson Med	TM	17.38	13.25	13.25	-3.75	-22.06	26.50	13.25	-.55	-2.05	-.05	-22.80	2.20	.55 F	33.3	62.0	10.8	6.0	.40	3.0	12-19-84	197.2	21.2	4.3	.00	7.09
Upjohn Co	UPJ	78.75	75.75	77.38	.88	1.14	78.75	45.00	.30	.07	1.53	11.29	5.67	.39 F	7.4	.0	8.0	13.6	2.56	3.3	01-04-85	2179.1	173.3	2.2	18.02	34.74
Warner-Lambrt	WLA	38.38	35.75	38.00	.63	1.67	38.38	28.75	.14	.86	2.85	-11.26	2.81	.30 F	12.0	5.0	7.1	13.5	1.48	3.9	02-04-85	3166.7	223.9	1.9	7.53	17.75
Zenith Labs	ZENI	24.00	19.75	24.00	4.00	20.00	24.00	8.00	.85	1.43	-3.54	-7.89	.56	.07 F	14.3	69.0	7.7	42.9	.00	.0	03-13-85	37.5	2.9	4.6	.75	3.41

All data is based on sources believed to be reliable, but its accuracy is not guaranteed. Every effort will be made to correct errors, when discovered, in future issues.

Footnotes:

NA - Not Applicable
NC - Not Calculable
NE - Negative Earnings
NM - No Meaningful Figure
Q - First Quarter
S - First 6 Months
N - First 9 Months
F - Fiscal Year

Data and Table Prepared by Media General Financial Services, Inc., Richmond, Virginia 23219

Drug chain TV advertising budgets growing

Top 15 chain drug TV advertisers

Company	1984	1983	% change
1. Eckerd	$12,081,700	$11,514,900	+ 5
2. Thrifty	4,483,400	4,727,400	– 5
3. Revco	4,360,500	5,624,400	– 22
4. Walgreens	3,966,000	2,822,200	+ 41
5. Peoples	2,483,700	2,227,900	+ 11
6. Sav-On	2,483,600	847,000	+193
7. Thrift	2,374,100	2,917,900	– 19
8. Longs	2,333,600	1,045,100	+ 14
9. Pay Less NW	1,953,300	2,081,100	– 6
10. CVS	1,856,600	2,265,400	– 19
11. Drug Emporium	1,578,100	1,153,700	+ 37
12. Treasury	1,373,200	762,600	+ 80
13. Pay 'n Save	1,365,200	1,458,400	– 6
14. Osco	1,177,100	1,015,000	+ 16
15. Genovese	981,400	1,021,400	– 4

Source: Television Bureau of Advertising

NEW YORK — The millionaires club of drug chain advertisers grew last year as 14 chains spent more than $1 million in television advertising.

The Top 15 chain drug TV advertisers spent a combined $58.7 million on local spot television in 1984, a 7% increase over the 1983 expenditures, according to the Television Bureau of Advertising.

Eckerd Drug, the nation's top drug store advertiser, spent more than $12 million in the 42 different television markets the drug chain serves in the Southeast and Southwest.

"We like to use TV to add reinforcement to our print advertising," says Eckerd's supervisor of broadcast, Kevin Weinman. "It's also a good break-through medium to reach the people who we normally wouldn't reach in newspaper advertising."

For those same basic reasons, other drug chains with high concentrations of stores in specific broadcast markets, are also finding that television is a viable complement to all other forms of advertising.

While Eckerd was increasing its 1984 TV ad dollars by 5%, the No. 2 TV advertiser, Thrifty Drugs, decreased its expenditures by 5% to about $4.5 million.

Of the Top 15, eight chains increased their expenditures in 1984. Sav-On led the group with an increase of 193%. Treasury joined the million dollar spenders by increasing its budget by 80%.

Revco led the seven who decreased TV budgets last year by cutting its expenditures by 22%. Thrift and CVS both spent 19% less. Genovese lost its million dollar status by cutting spending 4%.

The two most popular drug store departments advertised last year were the pharmacy and cameras/photo processing.

While many chains' TV efforts concentrated on one area of business, Eckerd didn't. "We use TV to sell Eckerd Drugs," says Weinman, "and that includes all types of selling . . . price-item, conceptual, image and specific categories."

Introducing...

NEUTROGENA® ACNE MASK

...with the therapeutic action of benzoyl peroxide, the most effective acne medication available without a prescription. *Plus* the important oil-absorbing feature of a facial mask.

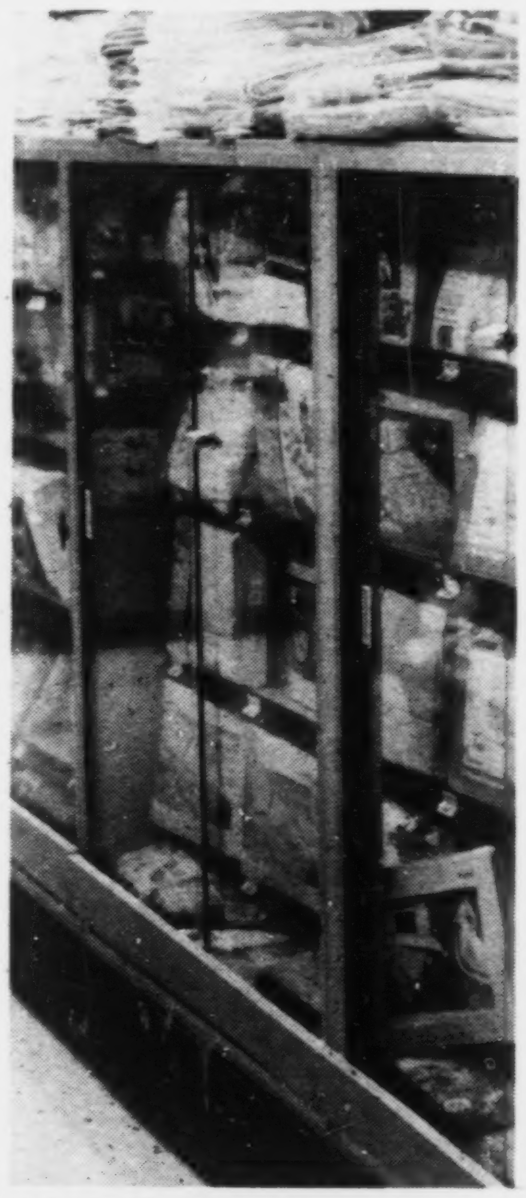
- **Dermatologists will recommend it because it works**
- **Teenagers will love it because they will see and feel it work**

Fully supported by Neutrogena's nation-wide detailing to dermatologists, advertising in leading dermatological journals, heavy mail support and strong merchandising programs.

NDC #10812-9700-2
Neutrogena®
acne
mask
5% benzoyl peroxide
antibacterial oil-absorbing
NDC #10812-9700-2
Neutrogena®
acne
mask
5% benzoyl peroxide
antibacterial • oil-absorbing
Neutrogena
Neutrogena
Net Wt. 2 oz.

Contact your Neutrogena representative for full introductory details.

© 1985 Neutrogena Corp.



Sheets under lock and key at Thrifty

LOS ANGELES — Thrifty Drug has installed locked cases for upscaled domestics in selected stores.

The glass cases range in size from 9 to 12 ft. (depending on the size of store), and price points are from $12.99 to $44.99.

Typical: three-piece twin set (one twin flat sheet, one twin fitted sheet and a standard pillowcase), $21.99. Typical of the top-of-the-line is king or queen four-piece set (flat sheet, fitted sheet and two pillowcases), $44.99.

The locked glass case adjoins the regular domestics section.

Demographics in the area determine whether the upscale line is installed. For example, Thrifty's No. 1 volume store, in a middle-income neighborhood, has a 12-ft. case; whereas the No. 2 volume store in a low-income area does not.

Principal drawback to the new locked-case section is that in today's tight-labor-controlled store, it is sometimes time-consuming for shoppers to find a staff member to unlock the case. However, a Thrifty district manager says that this has not been a problem thus far.

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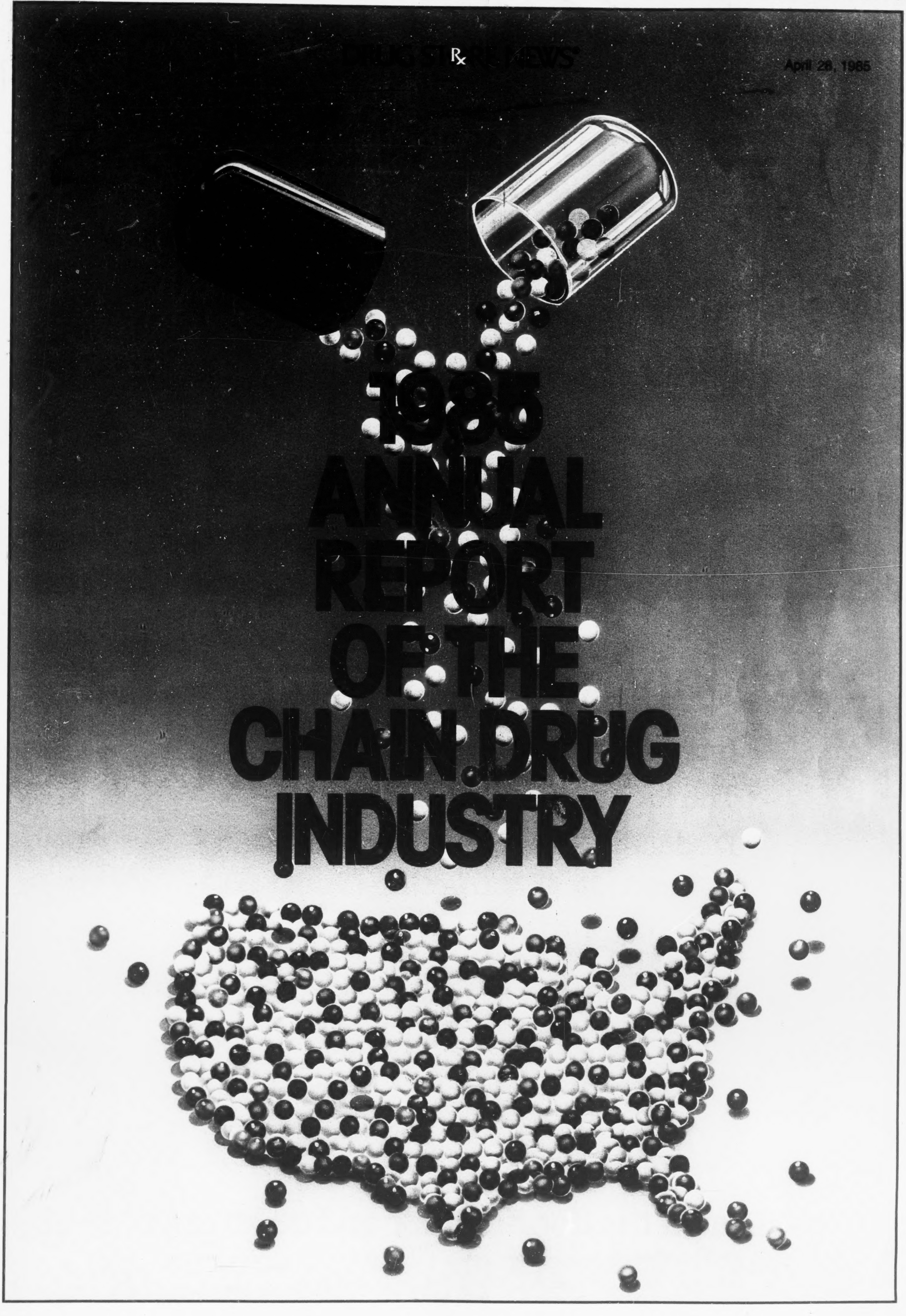
DRUG STORE ℞ NEWS®

April 28, 1985



1985 ANNUAL REPORT OF THE CHAIN DRUG INDUSTRY

Executive profile:
NACDS chairman
James Harrison-p. 2

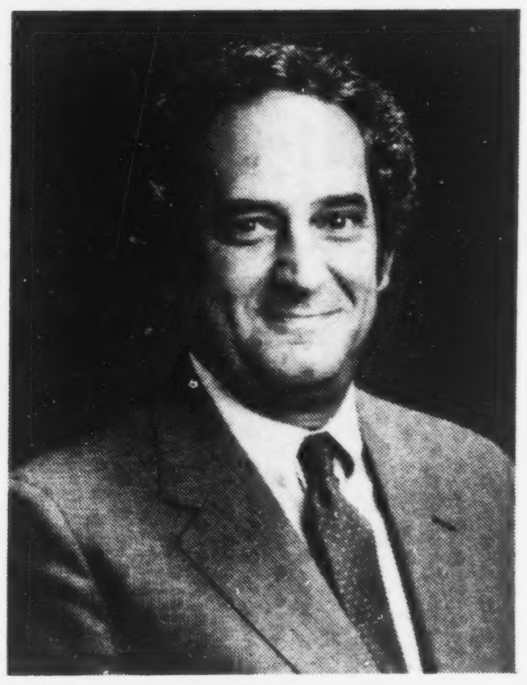
Pharmacy:
Group urges change
in Medicaid bill—p. 213

Special Report:
DrSN seminar focuses on
back-to-school—p. 204

DRUG STORE NEWS®

Published by Lebhar-Friedman Inc. **Serving chains, wholesalers and high-volume independents for 56 years.** · Vol. 7/No. 10 April 29, 1985

Eckerd's Lambert outlines plan to insure 'customer comes first'



Harry Lambert
Eckerd president

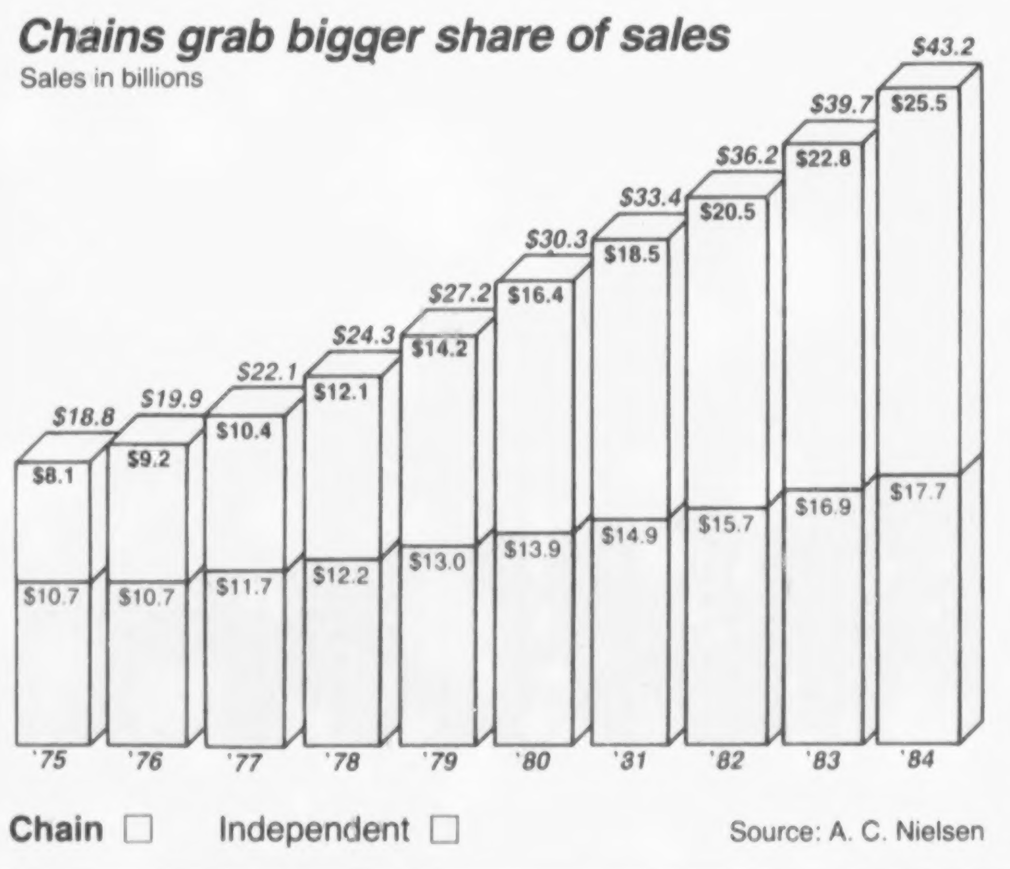
CLEARWATER, Fla. — Eckerd Drug, convinced by a strong financial showing in 1984 that changes in merchandising and operations have strengthened the company, is launching a series of new services designed to accommodate shoppers' needs.

In an interview with *Drug Store News*, president Harry Lambert outlined a series of new programs that he said were intended to rearrange management's objectives so that the customer "always comes first."

These include:

- Expanding a newly implemented customer service program to all stores by June 1.
- Expanding the use of centralized checkouts in selected new and remodeled stores.
- Increasing expenditures for pharmacy advertising and continuing to market pharmacy, "our No. 1 franchise," directly to the needs of today's changing shoppers;
- Continuing to expand and consolidate marketing research so that Eckerd can identify "early on" the changing needs of shoppers.
- Experimenting with more segmented marketing to better service customers with special interests such as cos-

Continued on page 253



Chains increased their share of total drug store industry sales by two percentage points last year. For the rest of *Drug Store News'* 1985 Annual Report, turn to page 61.

Pharmaprix clue to future of SDM

By Jim Ricchiuti

MONTREAL — The opening of two new Pharmaprix Carnaval deep-discount stores here underscores Shoppers Drug Mart's commitment to exploring alternative retail drug formats.

Although the deep-discount test, once codenamed "antelope" when it was in the R&D stage, has received the most attention, Shoppers earlier this month quietly unveiled its latest project—the "kangaroo."

The kangaroo is the chain's name for a Shoppers Drug Mart store with a 1,500-sq.-ft. convenience food department. Opened in Halifax, Nova Scotia, the 10,000-sq.-ft. store is called Shoppers Drug Mart Food Basket.

Continued on page 254

Arbor's new merchandising strategy

Arbor's latest decor package is designed to meet its customers' needs for "convenience and attractiveness." The chain is using a new blend of reds and yellows to create a high-tech look. (See story page 3.)

Osco banner to fly above 108 Skaggs

SALT LAKE CITY — American Stores has moved another step closer to centralizing its drug store division.

From now until the end of fiscal 1986 next February, American will be converting all 108 of its super-sized Skaggs drug centers into Osco drug stores. The transformation will give American over 350 drug stores operating in more than 30 states under one name and one logo.

It will eliminate duplications in services and operations while allowing American to reduce the cost of its various advertising programs.

After the conversion is completed, company executives will decide if they want to make the same change with the 176 Sav-On drug stores now operating in California.

"We chose the Osco name because that division had the largest number of stores in the most states," said Mike Miller, senior vp.

Miller also said that all the signage and decor packages in the Skaggs stores will be changed to conform to the Osco format. The merchandising mix, however, will probably not be changed.

"The merchandising schemes of Osco and Skaggs are already very similar," he said, "at least in terms of display."

Continued on page 253

TE NEWS....LATE NEWS....LATE NE

THE WALGREEN CO. announced a 2-for-1 stock split in the form of a 100% stock dividend payable May 8 to stockholders of record April 24. This is the company's third since 1982.

McKESSON CORP. will acquire Spectro Industries for approximately $161 million. The $20 a share bid for the Jenkintown, Pa.-based drug wholesaler, which for the year ended March 31 had estimated sales of $450 million, has been approved by the boards of both companies. The acquisition will mean that 60% of McKesson's revenues and more than 50% of its net earnings will come from health care-related businesses.

AT&T taps chains with DIY accessories See page 32

Promo will magnify reading glass sales See page 211

Feds urged to probe HMO drug diversions

WASHINGTON — The National Association of Chain Drug Stores urged Congressional investigators to broaden their ongoing probe of prescription drug counterfeiting to include widespread "diversion" of prescription drugs by Health Maintenance Organizations and "so-called not-for-profit hospitals."

In a letter to House Energy and Commerce Committee chairman John Dingell, NACDS president Robert Bolger charged that "numerous" HMOs and hospitals are taking "unfair advantage" of their exemption from the Federal Robinson-Patman anti-price discrimination law by "purchasing large quantities of pharmaceutical products at a very low price and reselling these items to other sources."

According to NACDS officials, this legal but questionable "diversion" of pharmaceutical products undermines normal distribution channels and may make it easier for Rx drug counterfeiters to operate.

For months now Dingell's House Investigations Subcommittee has been collecting information from the pharmaceutical industry to measure the potential danger of coun-

Continued on page 253

Harco's Harrison named NACDS chairman

By Tim O'Brien

Executive profile

NORTHPORT, Ala. — James Harrison Jr. is the new chairman of the board of NACDS, but his rise to the top is much more than another soda-jerk-to-president saga.

He started his drug store career as Jimmy the soda jerk in his father's Tuscaloosa, Ala., store in 1974. He attended the University of Alabama on a basketball and baseball scholarship and graduated from Samford's pharmacy school in 1955.

Upon graduation, he and his father purchased a second pharmacy in Tuscaloosa. For 12 years, James Jr. ran that profitable little drug store, with the profits allowing the Harrisons to purchase additional stores.

Our strength lies in the fact that we have been able to attract and keep very good personnel.

James Harrison Jr.
president, Harco Drug Inc.

In 1968, the first Harco (for the Harrison company) Super Drug store was opened in nearby Northport. It was a new concept for the company, a self-service discount drug store.

By this time, there were five stores in the company, with no organized plan for growth. "We had no grand plan at that time," Harrison says. "We just had five different pharmacies running independently of each other."

That "grand plan" was conceived in 1970. "We liked the concept we had developed in the Harco store and thought it would be a good base for a solid, organized expansion program."

In the 15 years since 1970, Harrison and his organization have built the company into one of the largest privately held drug store chains in the country.

During those years, the company has opened 50 new Harco Drug stores, 10 carport auto supply stores and 10 Harco Total Care, home health stores. The company has been operating in Mississippi and Alabama and just recently opened a new drug

Continued on page 253

American, Southland may buy parts of Trump's Pay 'n Save

SEATTLE — American Stores and the Southland Corp. are among the companies said to be negotiating for parts of Pay 'n Save, which the Trump Group has placed on the auction block.

Sources claim that Sam Skaggs, chairman of American Stores, visited the Pay 'n Save stores in Hawaii and has met with chain officials concerning the 40 to 50 drug stores in the Seattle area.

Southland, owner of the 7-Eleven convenience stores, is reportedly negotiating for Pay 'n Save's Schuck's auto supply stores in order to add them to its Big Chief auto store holdings.

The company's Lamont apparel stores, its most profitable division, appear to have already been sold. Inside sources say the chain has been purchased by Mervyn's of Hayward, Calif. The company would not confirm the sale, but a company officer asserted that "these rumors have been going on for three years."

Three separate brokerage firms are handling the possible divestitures. Kidder, Peabody is handling Schuck's; Salomon Brothers has Bi-Mart drug stores and Goldman Sachs, the Pay 'n Save stores.

Trump Group officials told Drug Store News that "consistent with our strategic plan, it is true that we are considering the possible sale of one or more of Pay 'n Save's companies."

The statement confirms Drug Store News' report last October that Acquicorp., the Trump subsidiary that acquired Pay 'n Save in a leveraged buyout late last year, might sell off the chain's divisions piecemeal. At that time, an analyst noted that Pay 'n Save's "parts are worth more than the whole."

"There's a lot of rumors," says George Bartell Sr., of the Bartell Drug Company of Seattle, "but nothing definitive. The word is out that things will happen two weeks."

Chains remove certain tampons possibly linked to toxic shock

NEW YORK — Drug chains nationwide are complying with a voluntary recall issued by manufacturers of tampons that contain polyacrylate, a highly absorbent substance that may be linked to toxic shock syndrome (TSS).

The tampon products in question are Playtex's Slender, Super and Super Plus, and Tampax's Super Plus.

The recall follows on the heels of an $11 million lawsuit brought against Playtex by a Kansas family whose 21-year-old daughter died of TSS in 1983, allegedly as a result of using a Playtex brand tampon made with polyacrylate.

While the recall leaves several holes on retailers shelves, the consensus is that it will not have a major impact on the market.

"We removed the product from our shelves as soon as we received notice," said Ray Meissner, buyer at Fay's Drug. "The recall went smoothly and we don't expect much of a drop in sales. We've instructed our stores to fill in the holes with existing merchandise until the recalled goods are replaced."

Meissner said that Fay's is giving refunds to consumers who bring in open packages of the recalled tampons.

According to Jim Kyle, buyer at Page Drug in Dallas, the recall did not come close to matching the impact of Procter & Gamble's 1980 recall of its Rely tampon.

"Not too many people are getting excited about it," said Kyle. "Both companies did a good job in notifying the public without any panic."

In Kentucky, the reaction from Begley buyer, Mike Tipton, was much the same.

"We've started the process of pulling the tampons involved and sending them back to the warehouse for credit," said Tipton. "People will just have to buy another brand or another tampon from those manufacturers involved that has a little less absorbency."

In making the decision, a

Continued on page 254

IC to sell Carls and P&C

NEW YORK — Carls drug, the 42-store drug chain based in Rome, N.Y., has been put up for sale by IC Industries.

IC said it has retained the New York-based investment firm of Goldman Sachs & Co. to advise on the possible sale of Carls and P&C Food Markets. IC acquired Carls and the supermarket chain last October when it purchased the Boston-based Pneumo Corp. for $560 million in cash and common stock.

Drug Store News reported that IC was looking to sell Pneumo's food and drug group on March 4, but at that time IC denied that the group was on the block.

According to a Pneumo spokesman, Carls brings in less than 10% of the company's estimated food and drug revenues of $882 million. The rest of those revenues are brought in by Syracuse-based P&C Food's 87 retail supermarkets, 64 franchised Big M Supermarkets and the chain's distribution business, which services about 250 independent groceries.

The other source of Pneumo's $1.2 billion sales is its aerospace and industrial division, which generates 75% of the company's profits, but only 25% of its sales. In 1983, for example, Pneumo's aerospace division accounted for $60.3 million of the company's $81.1 million net profits.

According to an IC spokes-

Continued on page 253

News in brief

Walgreen net income jumps 11.9%

DEERFIELD, Ill. — The Walgreen Co. reported that net income for the quarter ended Feb. 28 increased 11.9% to $31 million, or $1.01 a share, from $27.7 million, or 90¢ a share, in the comparable year-earlier period. Sales for the quarter increased 14.8% to $875.3 million from $762.4 million.

For the first six months, net earnings were up 15.8% to $46.6 million, or $1.52 a share, from $40.2 million, or $1.31 a share, a year ago. Sales for the first half increased 15.6% to $1.59 billion, from $1.38 billion.

Earlier results included the sale of equity investments amounting to $966,000 for the quarter and $1.3 million for the half.

Suit filed against Jewel

CHICAGO — A $13 million wrongful death suit has been filed against American Stores' Jewel Food Stores by the husband of a woman who died from salmonella poisoning. Midwest health officials have linked nearly 4,000 reported cases of salmonella poisoning to a dairy owned by Jewel. Two other victims have died from suspected salmonella poisoning.

American sells White Hen Pantry

SALT LAKE CITY — American Stores Co. has completed the sale of its White Hen Pantry division for $55 million to the current management, headed by Robert Robertson, president of the convenience food store chain.

SDM convenience store opens

HALIFAX, Nova Scotia — Shoppers Drug Mart has opened its first convenience food/drug store prototype here. Called Shoppers Drug Mart Food Basket, the 10,000-sq.-ft. store features 1,500 sq. ft. of convenience foods. Shoppers plans to open at least one more Food Basket store this year. Although no location has been disclosed, Shoppers officials indicated that it would probably be closer to its headquarters in Ontario.

Dixon named pres. of Drug Systems

MILWAUKEE — Vincent W. Dixon has been named president and coo of Drug Systems.

Drug Systems is the parent company of the 37-store White Drug Enterprises of Jamestown, N.D., and the Wil-Car H&BA stores based in Portsmouth, Ohio.

Dixon, 42, was formerly executive vp of marketing and sales of Salt Lake City's Select Telephone Technology Inc.

He replaces Wilburn Carrington, who resigned to concentrate on his duties as president of Wil-Car.

Index

Annual 61
Classified 256
Financial 10
Merchandise News 246
People in the News 14
Pharmacy 213

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FINANCIAL

White Drug, 37-unit chain, is up for sale

JAMESTOWN, N.D. — White Drug Enterprises, founded in 1884, is on the selling block.

The 37-store chain, operating in North and South Dakota, Iowa, Minnesota and Montana, was put on the market in early February by its parent company, Drug Systems Inc.

Northstar Industries, an acquisitions brokerage firm in Minneapolis, is handling the sale.

According to Franz Jevne, vp of Northstar, White currently has a book value of about $9 million, and the asking price for the chain is "book value plus a premium of healthy earnings multiples."

Jevne noted that several of the recent chain drug sales amounts to a figure three or four times book value, but adds that White's isn't as attractive as some of the major chains that have been recently sold.

White's performance has been somewhat soft recently. Company officials attribute the decline in sales to extreme weather conditions in its market areas, as well as the fact that White stores are predominantly in farming and ranching areas, two industries that have been suffering.

The drug chain's problems are reflected in the latest financial figures released by Drug Systems. For the 12-week period ending in January, revenues were up, but net income was down dramatically.

Corporate sales increased 5% to $28.9 million, up from $27.5 million during the same period last year. Third-quarter net earnings dropped 39% to $584,000 from $954,000.

Through the first three quarters of the year, net earnings at Drug Systems were down 28% to $1.4 million.

According to Jevne, progress of the sales efforts has reached the follow-up stage. "There has been significant interest in this property from the buying community. We have talked with the obvious potential buyers as well as many others. Several are now following up their initial contact with further research into the company."

Jevne added that "there are several qualified potential buyers at this point, but nothing is close to being signed."

Also on the selling block is White's sister company under the Drug Systems banner, Wil-Car, a 30-unit chain of H&BA and general merchandise stores. According to Jevne, Wil-Car has a book value of about $10 million and will be sold separately or as a package with White's.

White's was founded in 1884 by H. E. White, and was acquired in 1973 by Farm House Foods. Drug Systems was formed in 1983, when Farm House Foods merged White's with the Wil-Car stores.

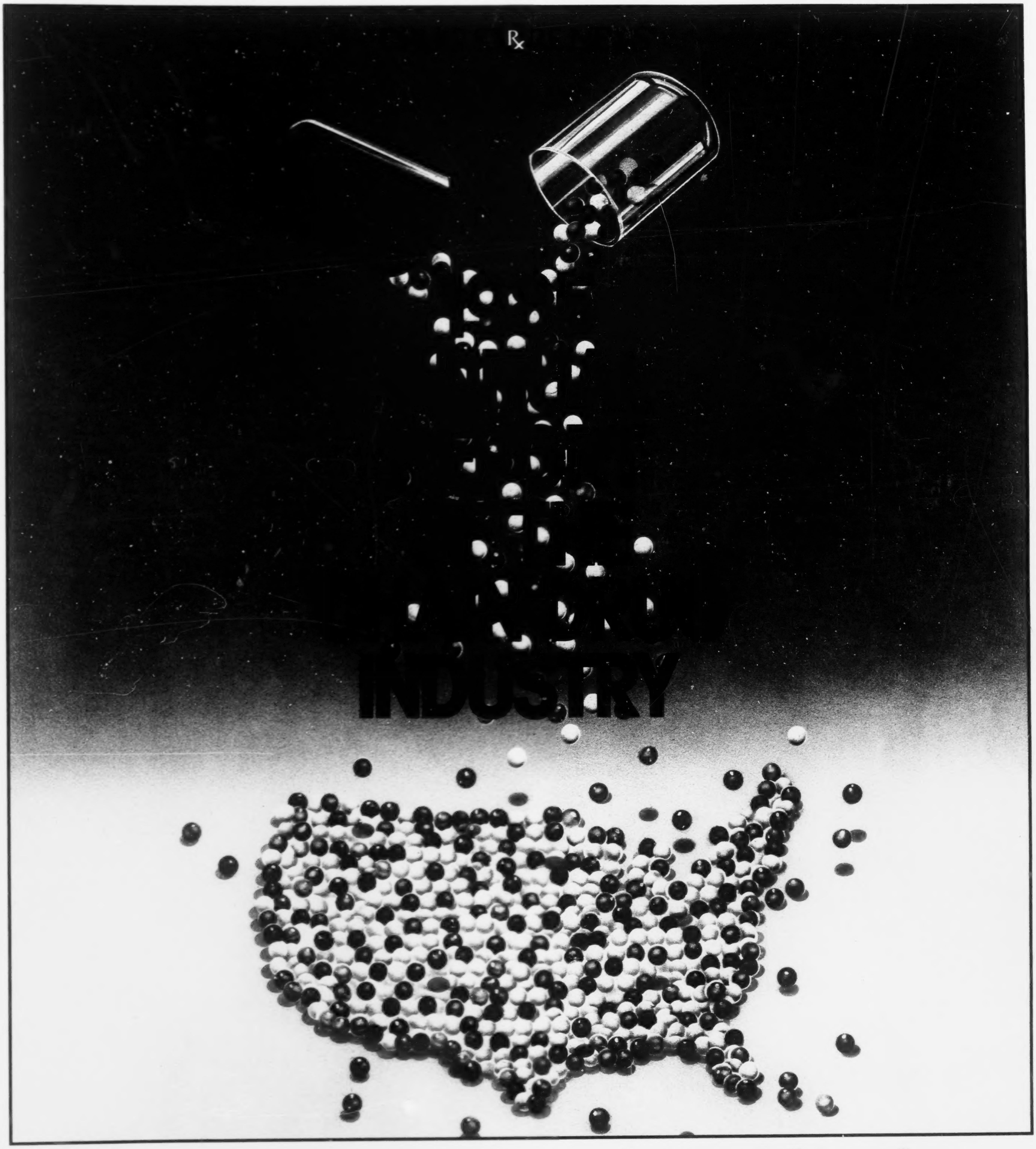
		STOCK PRICE							TREND TO MARKET				EARNINGS/SHARE					P/E	DIVIDENDS			FINANCIAL POSITION				
		From 03/22/85 - 04/08/85							Price Trend (% per day)		Volume Trend (% per day)			Latest 12 Months vs Preceding 12 Months Change					Indicated Dvd. rate						Last Fiscal Year (Per Share)	
					Change		52-Week															Last Fiscal Year				
Name	Symbol	High	Low	Close	Amt	Pct	High	Low	Last 30 Days	Last 5 Days	Last 30 Days	Last 5 Days	Last Fiscal Year	Amt.	Pct	5-Year Annual Growth Rate	Profit Margin	Latest P/E Ratio	Amt.	Yield	Last X-Dvd. Date	Revenue	Earnings	Current Ratio	Long Term Debt	Common Stock Equity
-	-	$	$	$	$	%	$	$	%	%	%	%	$	$	%	%	%	-	$	%	-	$ Mil	$ Mil	-	$	$
Chain Store transactions																										
Am Stores	ASC	55.00	51.75	53.00	-2.00	-3.64	56.50	26.50	-.04	.27	1.46	-11.62	5.24	1.63 F	45.2	95.0	1.4	10.1	.64	1.2	03-26-85	12118.8	171.5	1.5	12.39	15.26
Begley Co	BGLY	16.75	15.50	15.50	-.25	-1.59	17.00	14.50	-.10	.40	-1.78	.00	1.33	-.30 N	-20.4	-8.0	1.1	13.2	.68	4.4	01-14-85	61.5	.7	1.9	15.55	18.26
Big B	BIGB	17.25	15.00	15.00	-2.63	-14.89	17.88	8.88	-.01	-.17	-.15	-21.22	.68	.15 F	28.3	22.0	3.0	22.1	.00	.0	09-21-83	148.1	4.4	2.3	.18	3.88
Drug Sys	DRGS	5.38	5.25	5.25	-.13	-2.33	5.63	3.25	.00	.42	-5.24	-37.23	.56	-.25 N	-38.5	NC	2.1	13.1	.00	.0	01-25-84	82.3	1.7	3.0	1.28	5.84
Eckerd, Jack	ECK	29.75	27.13	27.75	-1.25	-4.31	32.88	20.25	-.24	-.46	-5.07	9.33	2.27	.26 S	12.1	5.0	3.3	11.6	1.04	3.7	03-11-85	2622.5	85.4	2.0	2.52	16.47
Fay's Drug	FAY	10.75	10.00	10.25	-.25	-2.38	13.00	8.38	-.44	.40	-1.00	19.78	.62	.02 F	3.3	72.0	2.4	16.5	.20	2.0	03-18-85	366.7	8.7	1.7	1.78	3.82
Genovese Drug	GDX	14.25	13.38	13.38	-.50	-3.60	16.63	11.13	-.15	-.68	1.83	-3.91	1.03	.07 F	7.3	89.0	1.9	13.0	.20	1.5	03-29-85	220.3	4.1	1.9	2.83	4.92
Hook Drugs	HOOK	36.25	36.00	36.25	.25	.69	36.50	18.00	.05	.46	-5.85	42.29	1.87	-.14 F	-7.0	6.0	2.3	19.4	1.00	2.8	01-09-85	350.9	8.1	1.7	2.75	10.38
Longs Drg Strs	LDG	26.25	24.00	24.75	-1.63	-6.16	27.50	17.00	-.09	.05	-3.07	.43	1.89	.17 F	9.9	12.0	2.9	13.1	.64	2.6	03-27-85	1375.8	40.1	1.9	.00	10.57
Medicare Glaser	MGCO	5.00	4.75	4.75	.00	.00	7.88	3.50	-.68	-.59	-.41	-10.39	.43	-.19 N	-43.2	102.0	1.4	19.0	.00	.0	00-00-00	76.7	1.1	1.6	1.12	3.49
Pay N Save	PAYN	23.00	22.50	23.00	.25	1.10	23.63	14.38	.03	.98	6.09	4.21	2.02	-.81 N	-41.3	-2.0	2.5	20.0	.00	.0	08-20-84	1220.5	30.1	2.0	9.01	14.37
Perry Drug	PDS	19.63	17.88	18.88	.63	3.42	22.13	12.38	-.51	-.28	-3.66	18.48	1.26	.14 Q	13.0	18.0	2.1	15.5	.28	1.5	02-21-85	370.3	7.6	1.5	2.40	10.60
Revco Drug	RDS	24.88	23.63	23.75	-.63	-2.56	32.88	22.50	-.22	-.49	-1.89	-6.97	2.54	.18 S	8.5	22.0	4.2	10.3	.80	3.4	02-26-85	2227.5	93.4	2.1	1.08	12.22
Rite Aid Corp	RAD	31.75	27.75	28.50	-2.63	-8.43	33.50	17.50	-.24	-1.42	6.25	11.05	1.47	.32 N	24.1	11.0	5.1	17.3	.50	1.8	01-08-85	1223.3	62.2	2.3	.49	7.68
Thrifty Cp	TFD	21.25	19.75	20.13	-1.00	-4.73	22.88	12.75	-.23	-.40	3.84	32.45	1.40	.27 Q	23.3	21.0	2.1	14.1	.60	3.0	02-04-85	1299.3	27.9	1.5	4.46	7.72
Walgreen Co	WAG	54.38	52.13	52.13	-.75	-1.42	54.63	28.63	.11	-.35	-.17	5.46	2.78	.50 Q	21.0	33.0	3.1	18.1	.88	1.7	02-11-85	2744.6	85.4	1.7	1.73	13.52
Wholesaler's transactions																										
Bergen Bruns	BBCA	24.63	22.50	24.25	.25	1.04	28.50	19.00	-.35	.44	2.00	-28.76	1.57	.05 S	2.9	24.0	1.2	13.7	.32	1.3	01-28-85	1703.4	19.7	1.6	1.08	11.11
Cardinal Distrb	CDIC	18.50	14.53	18.00	2.09	13.16	18.50	10.91	.26	1.63	6.78	73.93	.92	.11 N	12.5	NC	1.1	18.2	.06	.3	03-26-85	243.3	2.6	1.8	.92	5.91
Durr Fillauer	DUFM	14.75	14.00	14.00	-.25	-1.75	15.25	10.25	-.17	-.04	3.69	-47.13	.92	.12 F	15.0	21.0	1.7	15.2	.16	1.1	02-25-85	341.7	5.8	2.3	1.52	7.56
McKesson Cp	MCK	43.50	42.63	42.88	.25	.59	45.25	32.38	.52	.12	.08	-22.11	3.78	-.42 N	-10.7	-1.0	1.6	12.3	2.40	5.6	02-25-85	4260.0	68.7	1.4	10.45	30.25
Foxmeyer Cp	FOXM	28.00	27.50	27.75	.25	.91	29.75	20.00	-.17	.21	-1.77	-80.49	1.27	1.22 N	141.9	122.0	1.1	13.3	.00	.0	00-00-00	464.2	5.2	2.0	3.95	11.86
Ketchum	KCH	17.38	16.25	16.25	-.50	-2.99	17.50	10.09	.45	-.97	3.32	-38.82	.77	-.46 N	-49.5	100.0	.3	34.6	.00	.0	09-24-84	245.1	.8	1.5	6.37	6.74
Owens & Minor	OBOD	16.25	14.50	16.25	1.50	10.17	16.25	11.25	.20	1.02	-2.72	-20.37	1.43	.02 F	1.4	84.0	1.2	11.4	.40	2.5	03-11-85	306.7	3.6	2.8	5.07	11.69
Spectro Indus	SPO	18.63	14.75	18.00	2.00	12.50	18.63	9.38	.14	3.67	6.17	8.22	.89	.36 N	46.2	53.0	1.8	15.8	.09	.5	03-29-85	395.4	7.2	1.7	1.23	4.44
Manufacturer's transactions																										
Abbott Labs	ABT	54.00	50.38	52.50	1.75	3.45	54.00	36.75	.41	-.30	-.33	2.71	3.34	.48 F	16.8	28.0	13.0	15.7	1.40	2.7	04-09-85	3104.0	402.6	1.9	3.91	13.33
Am Home Prod	AHP	62.50	59.88	61.25	.88	1.45	62.50	46.75	.34	.16	1.04	1.14	4.76	.76 F	19.0	18.0	16.3	12.9	2.90	4.7	02-06-85	4485.5	732.1	3.0	.00	13.14
Baxter Travenol	BAX	16.88	15.13	15.88	.50	3.25	18.63	11.75	.44	.00	-.57	-49.82	.21	-1.33 F	-86.4	-3.0	1.6	75.6	.37	2.3	03-13-85	1800.4	29.1	1.7	1.60	8.17
Block Drugs Co	BLOCA	30.50	30.50	30.50	.00	.00	31.25	24.28	.03	.36	-4.70	-13.89	3.18	.26 N	8.4	14.0	10.0	9.1	1.00	3.3	02-25-85	238.2	23.9	2.3	2.34	20.08
Bolar Pharm	BLR	40.13	36.50	39.50	2.00	5.33	40.13	22.50	.59	.99	.34	7.20	1.22	.07 F	6.1	47.0	18.2	32.4	.05	.1	02-08-85	29.1	5.3	4.9	.00	4.76
Bristol-Myers	BMY	58.25	55.38	56.13	.38	.67	58.25	43.00	.18	-.42	.42	-11.49	3.45	.45 F	15.0	20.0	11.3	16.3	1.88	3.3	03-29-85	4189.4	472.4	2.5	.75	15.63
Carter-Wallace	CAR	33.50	31.75	31.75	-.50	-1.55	34.50	19.38	.12	-.90	2.74	-19.29	2.37	.31 N	13.4	32.0	5.7	12.1	.52	1.6	02-04-85	323.1	18.4	2.4	1.69	21.87
Cooper Labs	COO	14.75	14.25	14.38	-.38	-2.54	27.00	12.50	-.18	.13	-3.50	18.37	-.12	-.90 Q	-100.0	NC	-1.3	NE	.00	.0	03-12-84	155.9	-2.0	1.6	.61	11.81
Forest Labs	FRX	19.00	17.38	18.25	.50	2.82	24.38	11.25	-.16	.12	-3.16	14.40	.54	.03 N	5.6	50.0	14.8	32.0	.00	.0	01-14-83	19.6	2.9	8.3	.28	5.42
ICN Pharm	ICN	11.63	10.13	10.63	-.50	-4.49	11.63	5.75	.51	.03	1.24	8.22	.00	-.22 F	-100.0	40.0	1.6	NC	.00	.0	00-00-00	44.8	.7	4.3	.20	4.34
Key Pharm	KPH	10.25	9.63	9.75	.13	1.30	17.13	8.00	-.40	.16	.15	.68	.61	.10 F	19.6	106.0	14.6	16.0	.20	2.1	03-11-85	151.1	22.1	2.1	1.16	1.67
Lilly Eli Co	LLY	78.88	76.13	77.13	.75	.98	79.50	53.00	.02	.13	-2.91	-6.77	6.73	.60 F	9.8	12.0	15.8	11.5	3.20	4.1	02-08-85	3109.2	490.2	1.7	1.63	31.04
Lee Pharm	LPH	6.50	5.63	6.38	.63	10.87	9.63	2.13	-.74	2.22	-3.25	8.72	.13	.52 Q	NE	16.0	6.2	30.4	.00	.0	00-00-00	8.1	.5	3.0	.20	1.73
Marion Labs	MKC	56.25	53.00	55.00	-1.00	-1.79	60.00	30.50	-.12	.16	-1.57	14.79	1.24	.49 S	48.0	59.0	10.6	36.4	.52	.9	03-14-85	226.4	24.1	2.4	.04	7.05
Merck & Co	MRK	105.38	102.50	103.25	.25	.24	105.38	78.25	.23	.18	-.51	-6.68	6.71	.61 F	10.0	6.0	13.8	15.4	3.20	3.1	02-28-85	3559.7	493.0	2.0	2.48	35.29
Morton Thiokol	MTI	31.75	28.63	29.38	-.13	-.42	31.75	23.81	.16	-1.37	2.93	26.61	2.16	.39 S	20.3	25.0	5.5	12.7	.64	2.2	02-22-85	2001.5	109.8	1.5	2.94	12.50
Mylan Labs	MYLN	22.00	18.25	22.00	3.63	19.73	22.00	5.97	.74	.78	5.59	-6.68	.20	.11 N	36.7	121.0	12.7	53.7	.05	.2	02-19-85	36.9	4.7	5.4	.10	.76
Newport Pharm	NWPH	6.88	6.00	6.88	.50	7.84	7.25	2.75	.45	2.94	4.07	72.74	-.21	.17 N	NE	-10.0	-26.0	NM	.00	.0	00-00-00	7.7	-2.0	2.6	.22	.93
Pfizer Inc	PFE	43.88	41.63	43.25	1.00	2.37	43.88	29.38	.36	.53	-2.60	-15.45	3.08	.35 F	12.8	21.0	13.2	14.0	1.48	3.4	01-28-85	3854.5	507.9	2.1	3.03	13.67
Reid Prov Labs	REID	4.88	4.38	4.38	-.25	-5.41	5.25	2.75	-.18	-.49	-1.97	5.95	.12	-.04 S	-25.0	99.0	6.7	36.5	.04	.9	12-10-84	13.4	.9	3.1	.02	.92
Robins, AH	RAH	23.13	20.50	20.88	-.25	-1.18	24.38	12.00	-.23	-1.81	4.27	23.35	2.40	-.98 N	-41.4	9.0	10.3	15.0	.00	.0	11-19-84	563.5	58.2	3.2	1.36	14.69
Rorer Group	ROR	32.50	29.00	31.63	1.88	6.30	34.13	24.00	.07	1.75	1.76	-11.07	2.08	.06 F	3.0	5.0	8.5	15.2	1.12	3.5	02-04-85	522.1	44.3	2.0	2.18	10.43
Scherer RP Co	SCHC	10.38	9.75	10.38	.25	2.47	14.50	8.63	-.09	.89	2.67	52.53	.52	-.29 S	-36.3	-5.0	2.3	20.3	.32	3.1	03-13-85	171.7	4.0	1.9	4.83	11.14
Searle, GD	SRL	51.00	46.50	49.88	-6.88	-12.11	65.50	37.50	-.62	.32	6.79	-12.16	3.24	.20 F	6.6	19.0	13.0	15.4	1.00	2.0	05-07-85	1245.8	161.6	2.4	3.62	14.85
Squibb Corp	SQB	58.00	54.13	55.75	1.50	2.77	58.00	37.50	.29	.22	2.59	11.87	3.68	.37 F	11.2	19.0	10.5	15.1	1.60	2.9	02-08-85	1886.0	197.2	2.4	3.86	23.24
Sterling Drug	STY	32.38	30.50	30.50	-2.88	-8.61	33.50	23.75	.56	-.11	.52	32.99	2.37	.13 F	5.8	5.0	7.8	12.9	1.16	3.8	02-07-85	1827.3	143.4	2.7	1.44	14.96
Syntex Corp	SYN	59.00	56.50	56.75	-.50	-.87	59.25	38.75	.16	-.29	-2.00	4.36	4.08	-.42 S	-9.5	20.0	14.7	14.1	1.92	3.4	02-08-85	916.5	134.6	2.1	5.36	18.81
Thompson Med	TM	14.25	13.25	14.00	.50	3.70	26.50	13.25	-1.12	.59	-1.96	16.03	2.20	.55 F	33.3	62.0	10.8	6.4	.40	2.9	03-25-85	197.2	21.2	4.3	.00	7.09
Upjohn Co	UPJ	81.00	76.75	80.00	3.13	4.07	81.00	45.00	.28	.37	-.11	23.64	5.67	.39 F	7.4	.0	8.0	14.1	2.56	3.2	04-01-85	2179.1	173.3	2.2	18.02	34.74
Warner-Lambrt	WLA	39.63	36.88	37.75	.00	.00	39.63	28.75	.14	-.37	2.29	-8.53	2.81	.30 F	12.0	5.0	7.1	13.4	1.48	3.9	02-04-85	3166.7	223.9	1.7	6.47	18.18
Zenith Labs	ZENI	26.75	23.25	26.50	3.00	12.77	26.75	8.00	1.36	1.14	1.41	16.29	.56	.07 F	14.3	69.0	7.7	47.3	.00	.0	03-13-85	37.5	2.9	4.6	.75	3.41

All data is based on sources believed to be reliable, but its accuracy is not guaranteed. Every effort will be made to correct errors, when discovered, in future issues.

Footnotes:

NA - Not Applicable
NC - Not Calculable
NE - Negative Earnings
NM - No Meaningful Figure
Q - First Quarter
S - First 6 Months
N - First 9 Months
F - Fiscal Year

Data and Table Prepared by Media General Financial Services, Inc., Richmond, Virginia 23219



Chains wrap up a blockbuster

Nineteen eighty-four was the year of the blockbuster.

American-Jewel . . . Revco-Odd Lot . . . Peoples-Rea and Derick . . . Pay 'n Save-Trump . . . K mart-Pay Less . . . Rite Aid-Hook . . . Kroger-Hook . . . Adams-Pantry Pride.

No sooner had one whopping story been digested, then another whopper was filling the mind with new details.

It was a year that *Drug Store News* overshot its quota of banner headlines.

It was also a year of growth for the chain drug industry, as consumer confidence continued to be buoyed by low inflation and a decreasing jobless rate. While profits did not match the spectacular performance of the previous year, they were generally strong.

Overall sales for the retail drug industry increased 9% to $43.2 billion, but the chain drug segment again outshone the industry as a whole with sales gaining 12% to $25.2 billion.

Moreover, while the number of drug stores throughout the United States remained roughly the same as last year (50,709), the chain drug portion of that total increased two percentage points to 35%.

If the big acquisitions and mergers were the Himalayas of a breathless news year, there were other peaks that seemed only a little less important as 1984 unfolded. Among them:

- With competition from supermarkets, mass merchandisers and deep discounters growing increasingly heated, several chains struck back with deep, across-the-board price cuts in selected markets.
- More and more chains rushed into new types of retail ventures as a way of insuring future growth, especially in markets saturated with traditional drug stores. The diversifications included retail book stores (Rite Aid and Encore); fast food (Peoples and Hardee's), and mega-optical stores (Eckerd and Vision Works).
- Chains continued to reach out for new technological advances to heighten efficiency and improve the bottom line. Perhaps the most important de-

Continued on page 64

PERFORMANCE

1985 Annual Report of the Chain Drug Industry

Continued from page 61

velopment was the integration of pharmacy and front-end computers into total store management systems. More chains also launched point-of-sale laser scanning tests.

- The year also had its share of problems. Revco, for example, ran into several tough-luck situations that ended its run of sparkling performances. And Gray Drug Fair, after tasting the beginning of a turnaround in the beginning of 1984, found the year had turned sour in the second half.
- Finally, there were the milestones: Genovese reached its 60th year, White Drug its 100th, and Walgreens joined Revco, Eckerd and Rite Aid in the exclusive 1,000-store club.

Big deals

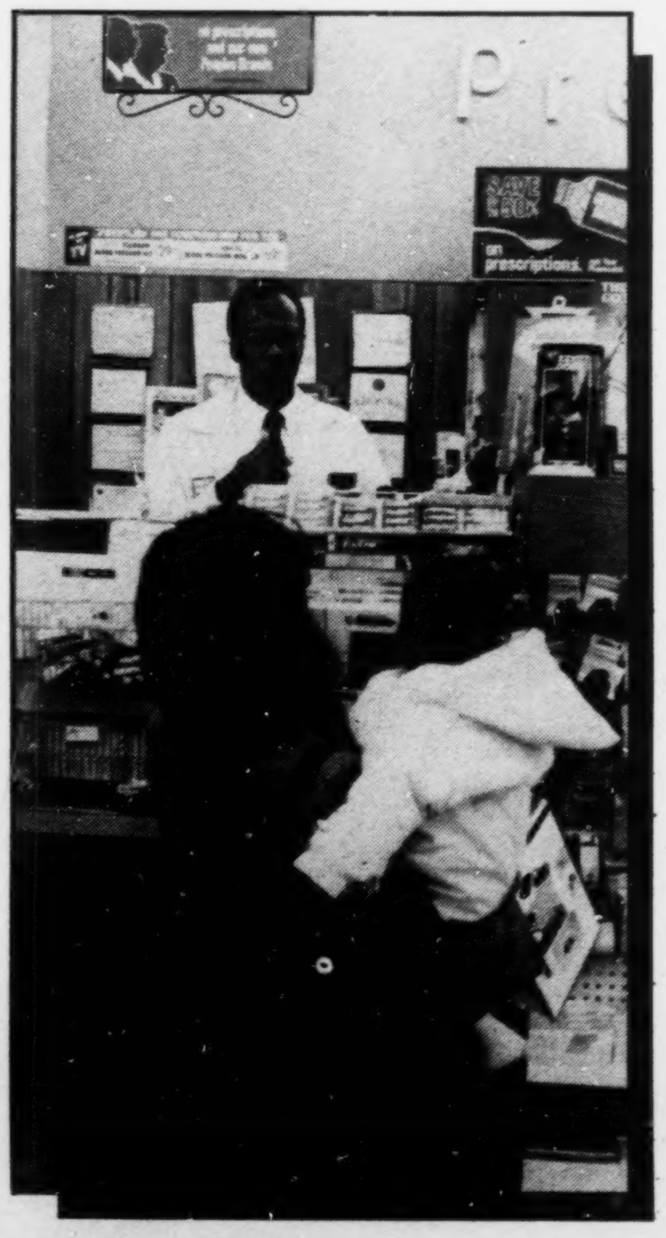
In 1984, the term shrinkage could be applied to a lot more than an unexplained slippage in inventory. It also seemed the perfect way to describe what happened to the chain drug industry as a whole.

Specifically, the ranks of the large publicly traded drug chains dwindled as company after company was acquired by bigger firms or moved into private hands through leveraged buyouts.

The biggest of these were Jewel Companies with its Osco and Sav-On drug chains (acquired by American Stores); Peoples Drug Stores (purchased by Imasco); Pay Less Drug Stores NW (K mart); Hook Drug (Kroger Co.); Adams Drug (Pantry Pride); Pay 'n Save (The Trump Group), and Dart Drug (a leveraged buyout by Dart executives).

In addition to these large deals, there were others involving smaller companies whose acquisition in former years would have merited top attention. Among them: Muir Drugs (acquired by Rite Aid); Apex (Perry Drug), and Rea and Derick (Peoples).

In some issues of *Drug Store News*, the big acquisition stories competed for front-page placement. On May 14, for example, the top story concerned the offer by Al Towle and other Dart Drug executives to buy the 73-store superdrug chain for $160 million. (Towle and the group would later succeed in getting financing for the leveraged buyout, and then begin the job of solving some of the problems that had been plaguing the chain under the former owners.)



On the same page was another top acquisition story, one which would later erupt into a major problem for the acquiring company. It involved Revco's decision to buy out Odd Lot, the closeout specialty retailer with whom the Twinsburg, Ohio-based company had been working amicably and profitably for two years.

No one—certainly not Sid Dworkin, the chairman—suspected that Odd Lot's owners would use their newly acquired 12% interest in Revco to try to wrest control of the company from Dworkin. They failed but the fight was damaging.

Perhaps the biggest acquisition news of the year was the $1.2 billion takeover of the Jewel Companies by American Stores. Jewel had long been coveted by Sam Skaggs, the publicity-shy head of American Stores. The completion of the merger brought together two food/drug giants operating four separate drug chains with stores from coast to coast. Only Walgreens could rival the breadth of their retail drug store coverage.

In addition to the drug chains, American and Jewel separately were operating close to 250 food and drug combination stores, the one-stop shopping behemoths that American has targeted as its major growth vehicle. Combos, which can generate $1 million or more a week in sales and yield profit margins higher than the traditional 1% of foods stores, were operating under the various names of Skaggs-Alpha Beta, Jewel/Osco, Buttery and Buttery/Osco. In addition there were the Sav-On combos in California that American would later drop.

To lighten its $700 million debt load, American began to sell off some of its parts, including Rea and Derick, which went to Peoples for $85 million.

American then began the task of

Continued on page 77

10-year sales trends
(billions)

Year	Total industry	% change	Total chain	% change	Total indep.	% change
1984	$43.2	9	$25.5	12	$17.7	5
1983	39.7	10	22.8	11	16.9	8
1982	36.2	8	20.5	11	15.7	5
1981	33.4	10	18.5	12	14.9	8
1980	30.3	12	16.4	16	13.9	7
1979	27.2	12	14.2	17	13.0	6
1978	24.3	10	12.1	16	12.2	4
1977	22.2	8	10.4	14	11.7	4
1976	20.5	9	9.2	14	10.7	8
1975	18.8	11	8.1	14	10.7	8

Chain sales are for companies with four or more stores

Source: A. C. Nielsen Co.

COMPARE AND SAVE
SCOPE
mouthwash
Signal
Antiseptic Mouthwash

Inside 1985 Annual Report

Performance

64 • Ten-year sales trends, chains and independents
79 • Top 50 chains in sales
80 • Top 50 chains in store count
83 • Chain stock performance
84 • Warehouses
88 • Final scores for public companies
87 • Combination stores
115 • Pharmacy computers
116 • Deep-discount stores
118 • Executive forecasts
121 • Executive changes

Products

124 • Breakout of sales
135 • Pharmacy
136 • Home health care
139 • Proprietaries/OTC
142 • Cosmetics
145 • Toiletries
146 • Stationery
148 • Food/liquor
153 • Housewares
154 • Photo
156 • Candy
159 • Tobacco
162 • Do-it-yourself
165 • Toys
166 • General merchandise

Profiles

168 • Walgreens
170 • Eckerd
173 • Thrifty/SDM
175 • SuperRx
176 • Peoples
178 • Adams/Thrift
181 • Revco
183 • American
184 • Begley/Genovese
187 • Perry
188 • Fay's
190 • Longs
193 • Pay 'n Save
194 • Big B/Dart
197 • Payless
198 • Rite Aid
201 • Gray
203 • Hooks

Continued from page 64

welding the three remaining drug chains—Skaggs, Osco and Sav-On—into a single drug division that eventually will carry one logo, Osco, and be headed by Dick George. George, president of Osco before the acquisition, quietly added the top Sav-On post to his responsibilities and is expected to take on Skaggs as well.

The largest sum ever paid for a pure chain drug company was laid out by K mart for Pay Less NW, the super-drug store company headquartered in Wilsonville, Ore.

K mart had made no secret of its intention to diversify into the retail drug business and was looking for a chain that was well managed and profitable. Pay Less fit the bill, and then some.

Operating in five Western states, the 164-store chain was averaging almost $6 million a store, close to the best of the chain drug operators, and producing a net profit margin of more than 3% on sales greater than $900 million.

In addition to the 30,000-sq.-ft. super stores, Pay Less had begun to open smaller Key drug stores in markets which could not support a full-line super store but which had growth potential.

K mart and Pay Less fit very well. The discounter, the second largest retail company after Sears Roebuck, had given emphasis to its pharmacy departments, with prescription services available in almost 1,000 stores. But there were no pharmacies in the Pacific Northwest or California, where Pay Less has its major strength.

What's more, Pay Less has considerable resources to ensure its growth, but K mart's pockets are almost bottomless. So far, the plans are to finance expansion out of Pay Less' cash flow, but the K mart resources are there if needed.

K mart chairman Bernard Fauber said the company has big plans for Pay Less, with expansion slated for contiguous states as well as certain areas of central and southern California.

Nineteen eighty-four was also a year in which one of the oldest companies in drug retailing, Hook Drug, was merged into the nation's second largest food retailers, the Kroger Co.

The chain drug industry, which had grown almost immune to shock over the big mergers taking place last year, was nevertheless startled when Rite Aid made a $31 a share bid for Hook. The unfriendly takeover offer for the 312-store Indianapolis-based chain sent Hook executives searching for a white knight who would guarantee the continued existence of the Hook name and at least some degree of independence for the management.

Although Hook's earnings had dropped 18% in the first nine months of the fiscal year, the chain was dominant in its home state of Indiana, and its distribution center is considered first-rate, both very attractive features for the aggressively growth-minded Rite Aid. The Shiremanstown, Pa.-based drug chain then upped the ante to $36.50 a share.

With almost everyone convinced that Hook management would lose its battle, it was a shock when Kroger moved in at the 11th hour with a $37 a share offer. In addition, Hook granted Kroger an option to buy up to 1.3 million shares, which effectively locked out Rite Aid.

Koger is expected to allow Hook its autonomy as long as it is able to reverse the earnings slide.

Hitting back

Eckerd had not yet experienced major competition from deep-discount drug stores, but Stewart Turley, chairman and ceo of the Jack Eckerd Corp., earlier this year told analysts:

"They're going to have to fight to get our market share."

Turley said that when the stores get competition from deep discounters, as they had in a minor way in Florida, "We get right down with them in price."

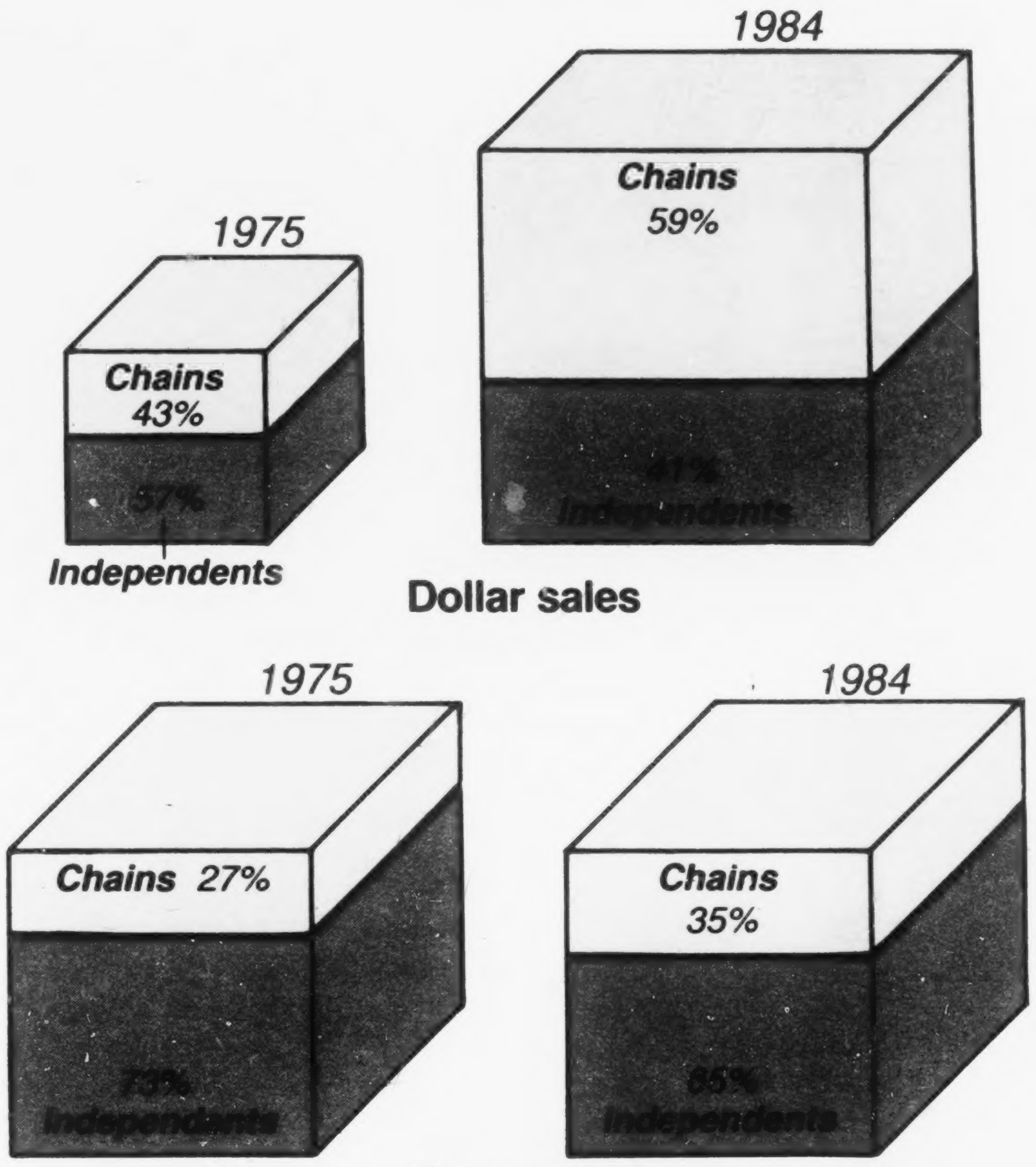
Turley might have been setting the tone for other chains that decided during the year that "We're mad as hell, and we're not going to take it anymore."

Specifically, Revco and Fay's both lowered prices on hundreds of sku's of core drug store products in selected markets in which the two chains were feeling competitive heat from supermarkets, mass merchandisers and deep discounters. Begley later followed suit.

For Revco, which launched the

Continued on page 79

Chains and independents: 1984 vs. 1975



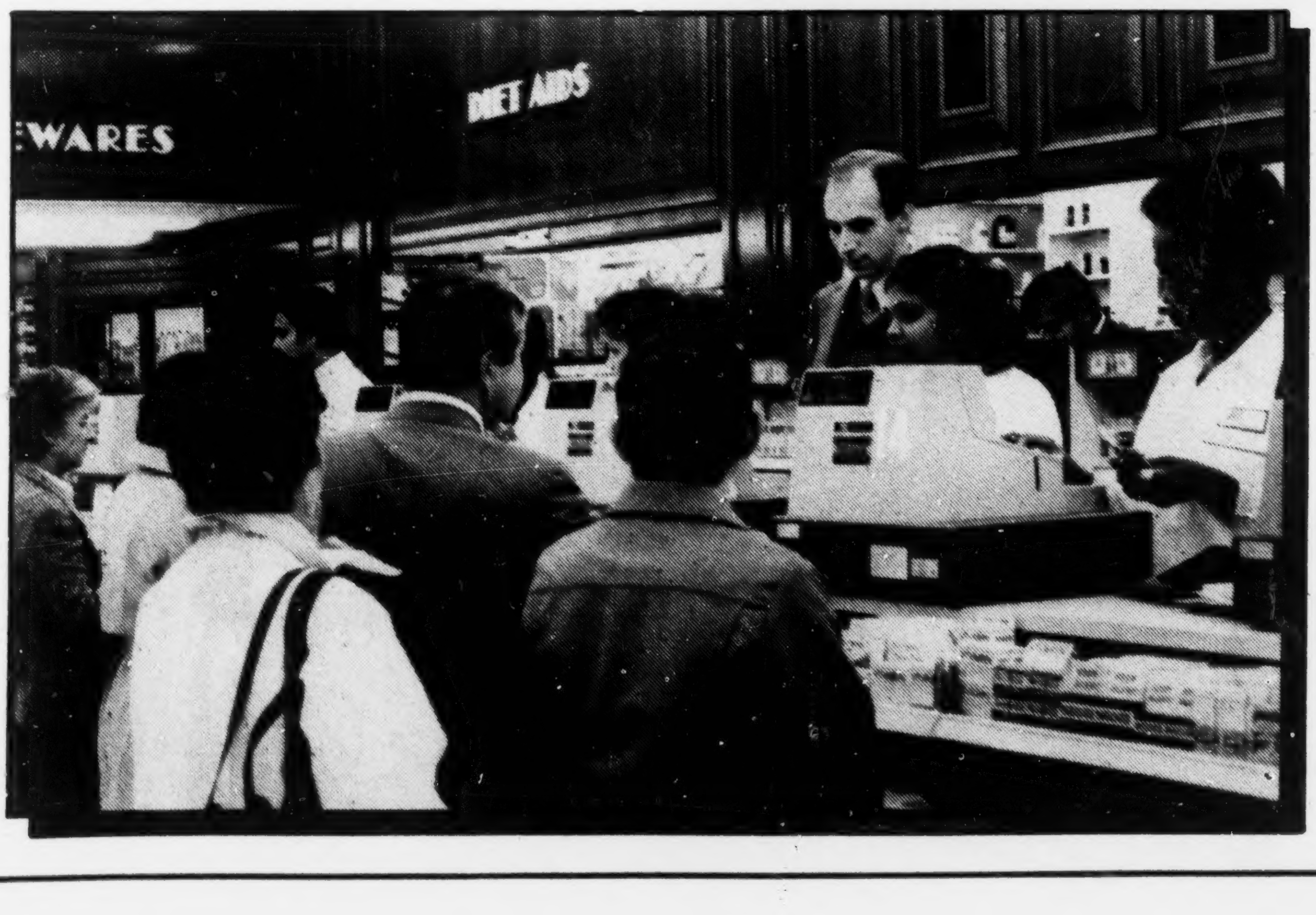
A chain is 4 or more stores

Source: A. C. Nielsen and Chain Store Guides

10-year drug store growth trend

Year	Total stores	Chain stores	Indep. stores
1984	50,709	17,677	33,032
1983	50,264	16,733	33,531
1982	49,400	16,347	33,053
1981	49,310	14,664	34,646
1980	49,192	14,815	34,377
1979	48,822	15,110	33,712
1978	49,151	14,709	34,442
1977	49,397	14,530	34,867
1976	50,719	13,998	36,721
1975	50,200	13,705	36,495

Source: A. C. Nielsen and Chain Store Guides



10-year sales share trends

	Total sales (billions)	Chain share	Indep. share
1984	$43.2	59%	41%
1983	39.7	57	43
1982	36.2	57	43
1981	33.4	55	45
1980	30.3	54	46
1979	27.2	52	48
1978	24.3	50	50
1977	22.2	47	53
1976	20.5	45	55
1975	18.8	43	57

Chains are companies with four or more stores

Source: A. C. Nielsen

1985 Annual Report of the Chain Drug Industry

Continued from page 77

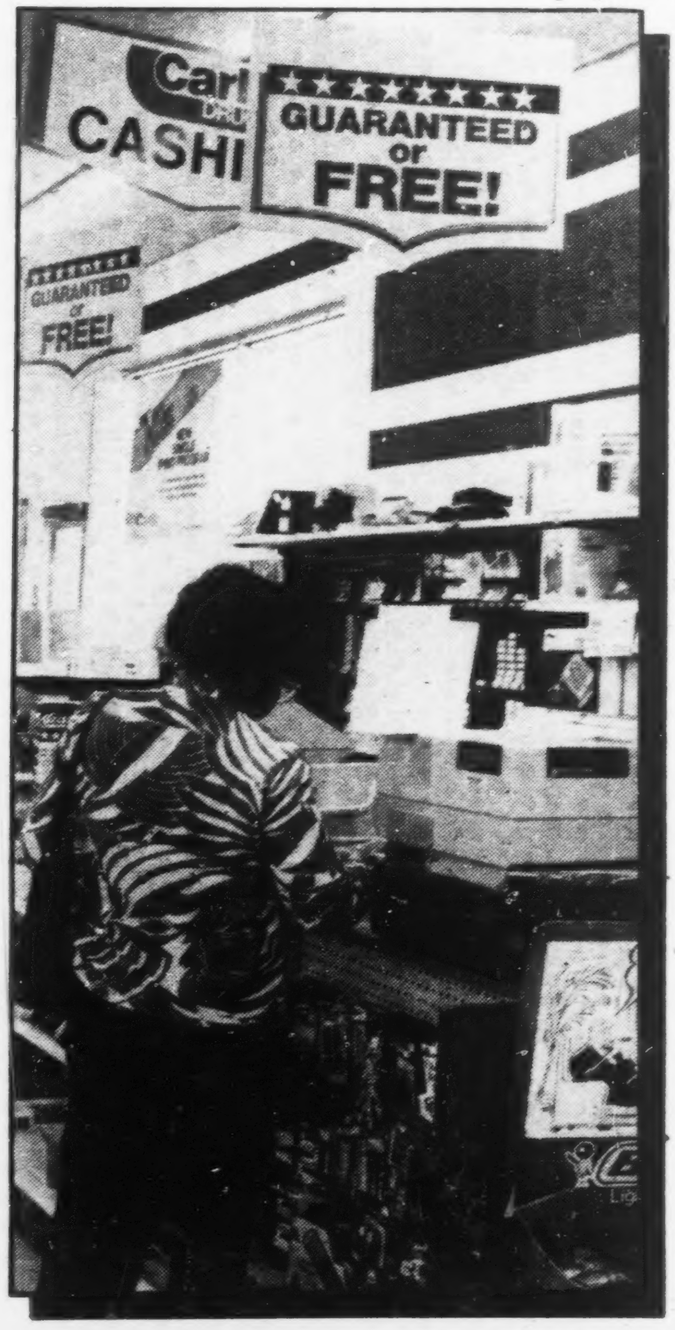
price-slashing compaign, it was a matter of re-emphasizing its roots as a discount chain. Revco had always been known as a price leader in its markets. The chain did no feature advertising because it claimed that all of its prices were discounted on an everyday basis.

But then the deep discounters began moving in a big way to establish images as price leaders in many of Revco's markets. In addition, there was the continuing heat from the food chains and mass merchandisers.

Revco's answer in six of the hottest markets was to "get right down with them in price" on 3,000 H&BA items. In the past, Revco relied on word of mouth to maintain its price image with consumers. With the new price-slashing campaign, however, the chain went to television and print ads to sell its story.

After four weeks, there were indications that the price campaign was working. Same-store sales were running ahead of last year in some markets. But for the most part it was too early to tell if the sacrifice of gross margins would result in greater sales and gross profits dollars.

Continued on page 80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CASHI
GUARANTEED or FREE!
GUARANTEED or FREE!

Top 50 Drug Chains: 1984 Dollar Volume

	Headquarters	Drug store sales in millions	% change	Store totals	% change	Fiscal year ended
1. Walgreens	Deerfield, Ill.	$2,614	17%	1,002	6%	8/31/84
2. Eckerd	Clearwater, Fla.	2,246	12	1,423	8	7/28/84
3. American Stores drug div.*	Salt Lake City	2,037^{e}	NA	530	NA	2/2/85
4. Revco	Twinsburg, Ohio	2,027	21	1,778	7	6/2/84
5. Longs	Walnut Creek, Calif.	1,375	13	191	7	1/31/85
6. Rite Aid	Shiremanstown, Pa.	1,297	13	1,275	11	3/2/85
7. Shoppers Drug Mart	Toronto	1,290	1	435	−0.1	3/31/84
8. Thrifty	Los Angeles	1,077	9	542	1	8/31/84
9. Peoples	Alexandria, Va.	1,020^{e}	NA	758	32	3/31/85
10. Pay Less NW	Wilsonville, Ore.	920	8	164	12	1/31/85
11. CVS	Woonsocket, R.I.	877	19	553	8	12/31/84
12. SupeRx	Cincinnati	860	9	621	3	12/29/84
13. Pay 'n Save	Seattle	775^{e}	8	136	− 5	1/29/85
14. Gray Drug Fair	Cleveland	623	8	423	5	12/31/84
15. Thrift	Pittsburgh	591	11	373	3	1/28/85
16. Fay's	Liverpool, N.Y.	367	18	119	17	1/31/85
17. Pharm-Escomptes Jean Coutu	Longueuil, Quebec	360	20	77	10	6/1/84
18. Hook	Indianapolis	346	8	312	5	12/31/84
19. Adams	Pawtucket, R.I.	332	10	422	0.4	12/31/84
20. K&B	New Orleans	330^{e}	10	135	8	9/30/84
21. Perry	Pontiac, Mich.	327	33	146	20	10/31/84
22. Dart	Landover, Md.	220^{e}	8	78	7	7/31/84
23. Genovese	Melville, N.Y.	220	13	77	7	2/8/85
24. Drug Emporium	Columbus, Ohio	190^{e}	27	48	30	NA
25. Medicine Shoppe	St. Louis	182	27	499	19	9/30/84
26. Supermarkets General Drug Div.**	Edison, N.J.	160^{e}	NA	49	NA	10/29/84
27. Medi Mart	Quincy, Mass.	151	26	64	19	1/28/85
28. Big "B"	Birmingham, Ala.	148	28	99	5	1/30/85
29. F&M	Warren, Mich.	140^{e}	45	16	45	10/31/84
30. Big "V"	London, Ontario	124^{e}	18	71	6	9/30/84
31. Snyder	Minnetonka, Minn.	120^{e}	20	55	0	1/31/85
32. Duane Reade	Long Island City, N.Y.	120	18	25	19	10/31/84
33. Super D	Memphis	108	4	105	3	7/30/84
34. Arbor Drug	Troy, Mich.	95^{e}	NA	40	14	7/31/84
35. Carls	Rome, N.Y.	84^{e}	18	25	19	12/1/84
36. A. D. Clark	Los Angeles	79^{e}	10	19	6	12/31/84
37. Medicare-Glaser	St. Louis	75	7	19	6	3/31/84
38. Arbor	Troy, Mich.	75	7	40	14	7/31/84
39. Cumberland	Montreal	75^{e}	7	23	28	12/31/84
40. Kent Drug	Mississauga, Ontario	72^{e}	7	70	1	12/31/84
41. Discount Drug Mart	Medina, Ohio	72^{e}	11	18	6	3/31/84
42. Kerr	Raleigh, N.C.	72^{e}	13	47	15	6/30/84
43. La Verdiere's	Winslow, Me.	66^{e}	12	58	9	12/31/84
44. Harco	Northport, Ala.	61^{e}	NA	53	8	7/31/84
45. Standard	Richmond, Va.	60	2	60	5	3/31/84
46. Super X Drugs	Downsview, Ontario	60^{e}	11	64	10	6/30/84
47. White Drug	Jamestown, N.D.	59	7	34	− 8	3/31/84
48. Taylor Drugs	Louisville, Ky.	56^{e}	6	46	− 2	9/30/84
49. Bills Drug	Lafayette, Calif.	55^{e}	NA	26	0	3/31/85
50. Community Distributors	Somerville, N.J.	50^{e}	14	25	14	7/28/84
50. Kinney Drug	Gouverneur, N.Y.	50^{e}	25	27	4	12/31/84

*Includes Skaggs, Osco, Sav-On drug stores
**Includes Pathmark, Pharmacity, Heartland drug stores
Source: *Drug Store News* survey, Chain Store Guides

Evolving character of the chain drug industry

Chain store size	No. of companies 1974	No. of companies 1984	% change	No. of stores 1974	No. of stores 1984	% change
2-3 store companies	2,303	1,270	−45%	5,158	2,934	−43%
4-10 store companies	496	375	−24	2,525	2,029	−20
10 or more store companies	172	138	−20	10,509	15,648	+49
Total no. of companies with 2 or more stores	668	513	−23	13,034	17,677	+36

Source: Chain Store Guides

1985 Annual Report of the Chain Drug Industry

Chain store remodels

Company	1984	1985^{e}
Revco	234	200
Rite Aid	120^{e}	130
Peoples	62	70+
Gray Drug Fair	58	37
Adams	45	50
Thrift	27	25
Walgreens	46	70
Medicine Shoppe	26	25
Taylor	16	17
Hook	14	22
Medicare-Glaser	12	16
Fay's	7	8
SupeRx	6	6
Pay Less	14^{e}	8
Duane Reade	3	4
Standard	4	5
Page	5	2
LaVerdiere's	4	5
Harco	3	4
Begley	6	10
Arbor	4	5

Source: *Drug Store News* survey

Customer Service
Customer Service

Continued from page 79

On the heels of Revco's dramatic price-cutting, Fay's Drug did some deep price cuts of its own in the rugged Rochester market. "We're going as deep on prices as the best-run deep-discount stores," explained Dan Herrmann, president of the chain.

Fay's rolled back prices on 8,100 H&BA and OTC products, every sku in stock, in 25 stores in the market.

The campaign was also aimed directly at food chains, mass merchandisers and deep discounters. They included Wegman's, K mart and Freddie's, a deep-discount store operated by CVS parent Melville Corp.

Melville was about to open its second Freddie's. "When you compete with one successful deep discounter, that's a temporary phenomenon," Herrmann said. "Two is a price war."

Begley recently joined the price-cutting trend with a campaign to make the chain's 47 drug stores more aggressive on price. Begley chose 380 of the most visible H&BA, general merchandise and pharmaceutical products for "dramatic" cuts.

Continued on page 83

Top 50 Chains: 1984 store totals

Chain	Headquarters	Total 1984	% change
1. Revco	Twinsburg, Ohio	1,778	7.0
2. Eckerd	Clearwater, Fla.	1,423	4.0
3. Rite Aid	Shiremanstown, Pa.	1,275	13.0
4. Walgreens	Deerfield, Ill.	1,002	6.0
5. Peoples	Alexandria, Va.	758	32.0
6. SuperRx	Cincinnati	621	2.0
7. CVS	Woonsocket, R.I.	553	8.0
8. Thrifty	Los Angeles	542	0.9
9. American Stores	Salt Lake City	530	33.5
10. Medicine Shoppe	St. Louis	499	19.0
11. Shoppers Drug Mart	Toronto	435	− 0.2
12. Gray Drug Fair	Cleveland	423	5.2
13. Adams Drug	Pawtucket, R.I.	422	− 0.7
14. Thrift	Pittsburgh	373	3.6
15. Hook	Indianapolis	312	10.6
16. Longs	Walnut Creek, Calif.	191	7.3
17. Pay Less NW	Wilsonville, Ore.	164	10.0
18. Perry	Pontiac, Mich.	146	20.0
19. Pay 'n Save	Seattle	136	− 4.8
20. K&B	New Orleans	135	8.0
21. Medi Save	Baton Rouge, La.	109	NA
22. Super D	(To Come Later?)	105	NA
23. Big "B"	Birmingham, Ala.	99	5.3
24. L. F. Widmann	McElhatten, Pa.	80	12.6
25. Dart	Landover, Md.	78	8.3
26. Genovese	Melville, N.Y.	77	6.9
27. Pharm-Escomptes Jean Coutu	Quebec	77	1.0
28. Super X Drugs	Downsview, Ontario	64	8.4
29. Medi-Mart	Quincy, Mass.	64	18.5
30. La Verdiere's	Winslow, Me.	58	5.4
31. Snyder Drug	Minnetonka, Minn.	55	0.0
32. Harco	Northport, Ala.	53	35.9
33. Union Prescription	Milwaukee	51	10.9
34. Begley Drug	Richmond, Ky.	48	4.3
35. Drug Emporium	Cincinnati, Ohio	48	33.0
36. Kerr Drug	Raleigh, N.C.	47	11.9
37. Taylor Drug	Louisville, Ky.	46	− 0.2
38. Supermarkets Gen. Drug Division	Edison, N.J.	45	NA
39. Carls	Rome, N.Y.	42	16.6
40. Arbor Drug	Troy, Mich.	40	14.3
41. Rix Corp.	Auburndale, Mass.	34	NA
42. White Drug	Jamestown, N.D.	34	−21.0
43. Wellby Super Drug	Portland, Me.	30	0.0
44. Kinney Drug	Gouverneur, N.Y.	27	8.0
45. Ribordy Drug	Valparaiso, Ind.	26	4.0
46. Bill's Drug	Lafayette, Calif.	26	NA
47. Bartell Drug	Seattle, Wash.	26	24.0
48. Community Distributors	Somerville, N.J.	25	13.6
49. Duane Reade	Long Island City, N.Y.	25	19.0
50. Page Drug	Dallas	14	NA

Source: *Drug Store News* survey, Chain Store Guides

10-year drug store share trend
(number of stores)

Year	% chain stores	% indep. stores
1984	35	65
1983	33	67
1982	33	67
1981	30	70
1980	30	70
1979	31	69
1978	30	70
1977	29	71
1976	28	72
1975	27	73

Source: A. C. Nielsen and Chain Store Guides

229
CONTAC
99
369
399
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249
149
2.99

Continued from page 80

Wheels and burgers

Diversification continues in the chain drug industry and there is virtually no predicting who will venture into what. The answer to the question "What will they think of next?", is definitely, "who knows?"

The major diversification avenues of yesterday continue to be popular. Drug chains opening auto stores, deep-discount units and home health care stores is common today.

Chains reached their apogee in the variety of diversifications last year. They invested in burgers, glasses, paper goods, capability extenders and fact and fiction.

Rite Aid completed its previously announced plans to venture into three new retail markets. In 1982, the chain acquired the Circus World toy store chain. In March 1984, it purchased ADAP, a discount auto parts chain, and in August, it picked up the Philadelphia-based Encore discount bookstore chain.

At the time of the purchase of the bookstores, some industry officials were puzzled about why Rite Aid, with sales in excess of $1.2 billion, would bother with the 18-store book chain with sales just topping $10 million.

Analysts concurred that this small acquisition alone would have no substantial effect on Rite Aid's performance, but combined with the other two diversifications, could raise the profit picture each year by one or two points.

The Jack Eckerd Corp. last year became the first drug chain to open an optical "superstore" offering some 10,000 eyeglass frames and a multitude of services.

This diversification was logical for the chain, since it has been in the optical business for 11 years, and has 152 in-store optical departments already operating.

Visionworks is a 10,000-sq.-ft. freestanding store, in Eckerd's home city of Clearwater, Fla. A second mega-optical opened in Charlotte, N.C., in November and a third was planned for Tampa.

Visionworks contains a complete laboratory where lenses are ground, edged and tinted. It is capable of producing new glasses in as little as two hours, and customers can watch the work being done in a glass-enclosed work area.

Eckerd also invested $9 million last year in the HomeClub, a California-based warehouse home center chain. The drug chain owns 15% of the company, which is a wholesale membership buying club. It currently has six locations.

HomeClub is expected to add eight to 15 new locations during 1985 with each averaging about $20 million in sales.

Diversification areas for major drug chains

Company	Type of store	Number of stores
Walgreens	Home health	3
	Restaurants	87
Eckerd	Home health	6
	eye care superstores	2
	Home video	200
	Optical	152
	Department stores	57
Revco	Close-out stores	100
	Deep discount drug stores	2
Rite Aid	Toy stores	188
	Contemporary variety stores	10
	Discount auto supply stores	51
	Home health care stores	4
	Food stores	48
	Deep discount drug stores	3
	Book stores	20
L. F. Widmann	H&BA	74

Company	Type of store	Number of stores
Thrifty	Sporting goods stores	71
	Restaurants	23
	Discount book stores	171
	Discount automotive parts stores	43
Pay Less NW	Deep discount drug stores	3
Peoples	Deep discount drug store	1
	Fast-food hamburger franchises	2
	Home health care centers	4
Pay 'n Save	Home center stores	90
	Sporting good stores	15
	Apparel stores	24
	Auto parts stores	58
	Cash and carry wholesale stores	3
Begley	Combination	3
	Home health care	5
Ribordy	Deep discount	2

1984: Chain stocks rally in second half

Chain drug stocks turned bearish during the first half of the year, but a second-half rally helped set the stage for a strong run-up in prices that has continued through the first quarter of 1985.

Most chain drug stocks closed out 1984 with mixed results. Eight of the 15 leading public drug chains gained during the year.

However, because of the broad sell-off of retail issues in general during the first six months of the year, publicly held drug chains posted increases that were substantially lower than in 1983.

Among the biggest losers last year was Hook Drug, which plunged 31% in 1984, Genovese Drug, down 28.3% from the previous year and Fay's Drug, off 23.6% from 1983. Big B, which registered a 104% increase in 1983, fell 17.5% last year.

Large institutionally held stocks fared somewhat better. Eckerd Drug closed the year up 3.6%. Rite Aid appreciated 14% from the previous year. The Los Angeles-based Thrifty managed to gain 13.6% over last year.

But the widely publicized problem at Revco sent the stock price spiraling downward in 1984. At year-end, Revco was selling at $24.37, more than 10 points off from its 1983 close of $34.62.

Pay 'n Save, the subject of a takeover, still closed the year down 9.4% from 1983.

However, investors whose holdings included Peoples, Jewel Cos., Dart Drug and Adams found 1984 particularly rewarding. Each of those companies also was a takeover target, but unlike Pay 'n Save, their individual stock prices soared.

During the second half of 1984 as retailer profits strengthened, Wall Street turned the bulls loose with chain drug stocks, and they've been running ever since.

Of the 15 leading public chain drug issues tracked by *Drug Store News*, only three—Revco, Hook and Genovese—failed to stage a recovery in the second half of the year.

But Hook Drug investors were amply rewarded for their patience during the first quarter of 1985. An unfriendly tender bid by Rite Aid for $31 a share was later topped by Kroger's offer of $37 a share, which Hook accepted. In the end, Hook investors realized a 75% gain from the stock's closing price of $20.50 on Dec. 31, 1984.

In addition, those savvy investors who held Pay Less NW stock also benefited from an outside takeover. After enjoying a 38% run-up in the price of their shares in 1984, they were treated to an additional 16% increase during the first month of the year when Pay Less accepted K mart's $27 offer.

With the exception of Revco, every publicly held drug chain rode the bull market in the first quarter of 1985.

Walgreens continues to be a favored stock. It appreciated nearly 18% after a strong performance throughout 1984.

Another chain off to a fast start in 1985 is Rite Aid. Since closing the year at $25.88, the stock has risen 25% to $31.63.

However, the biggest winner thus far in 1985 is Big B. After closing its fiscal year with exceptionally strong sales and earnings, Big B stock has soared 60% to $17.25.

Even Fay's and Genovese, whose earnings were down during the fourth quarter, have enjoyed a run-up in prices in 1985. Genovese is up 9%, while Fay's rose 6% since the end of last year.

Food/drug stocks continue to be preferred issues among investors. American Stores registered a 35% gain in the first quarter of 1985. Kroger and Supermarkets General also posted very strong gains.

1984 chain drug stock performance

	1984 stock prices			'84 %	Year-end	Year-end	3/25/85
Company	High	Low	Last	Change	'84 P/E	'83 P/E	Price
American	$41.13	$26.50	$40.00	1.0	10.2	11.9	54.00
Begley	16.50	14.50	15.50	− 9.6	12.8	13.0	15.75
Big B	13.25	8.88	10.88	−17.3	18.4	27.7	17.25
Eckerd	29.75	20.25	28.75	3.6	12.4	14.2	29.00
Fay's	13.50	8.38	10.18	−23.6	15.3	24.5	10.25
Genovese	16.63	11.13	12.75	−26.6	12.4	20.9	14.00
Hook	28.75	18.00	20.50	−31.0	11.5	14.3	36.00
Longs	46.88	34.00	44.25	− 9.0	12.2	14.8	51.75
Pay Less NW	24.13	14.00	23.25	28.3	15.7	14.0	N.A.
Perry	18.50	12.38	17.63	9.3	13.6	15.8	18.25
Revco	37.50	22.50	24.13	−30.3	9.6	15.1	23.38
Rite Aid	27.25	17.50	25.38	14.0	16.1	16.7	31.63
Thrifty	21.38	11.50	19.88	13.6	14.2	18.0	20.88
Walgreens	45.25	28.63	45.25	17.7	16.2	17.1	53.25

Source: Media General

Warehouse grades up at full throttle

The trend toward warehouse modernization and centralization continued at full throttle in 1984 as chain drug companies strived to increase inventory turns and improve delivery time.

Moreover, many chains also greatly expanded existing distribution facilities not only to support additional drug stores, but to furnish a growing number of diversified ventures such as auto outlets and home health care centers.

Overall, the state-of-the-art technology installed in today's warehouse is truly impressive.

Eckerd Drug

Eckerd Drug's ninth distribution center, which opened last spring in Hammond, La., was the chain's first fully automated and completely computer-controlled facility. The 216,000-sq.-ft. center has the capacity to process more than 15,000 pieces of merchandise over more than two miles of mechanized conveyors.

One of the keys to the Eckerd system is a Rexnor Laser beam scanner, which can "read" laser-printed bar codes at a rate of three units a second. Eckerd is also using the sophisticated Alvey Zip Sorter to divert merchandise along conveyors to one of 28 shipping doors.

Eckerd's Hammond facility, according to some sources, should help boost its inventory turns from 12 to 15 times a year. The mechanized center should also help speed deliveries to about 116 Louisiana stores.

Perry Drug

In another major expansion development, Perry Drug will soon open a $4 million 155,235-sq.-ft. addition to its present 224,000-sq.-ft. distribution facility in Pontiac, Mich. The addition will not only increase the facility's space by 50%, but also significantly boost the percentage of merchandise shipped via the warehouse. Perry currently ships 55% of its goods (by dollar volume) through the facility.

In addition to its Pontiac facility, Perry now operates two auto supply warehouses, a 49,000-sq.-ft facility in Columbus, Ohio, and a 65,000-sq.-ft. facility in Muncie, Ind.

Perry's 224,000-sq.-ft. distribution center in Pontiac has a new high-tech system designed by William Semco, chairman of Semco, Sweet & Mayers. Semco has designed warehouses for Pay Less NW, Sav-On and Gray Drug.

The Pontiac warehouse contains a mechanized system of loading conveyors that can extend and retract up to 45 ft. into the nose of a trailer. The center also has the capacity to simultaneously load 24 trailers in a temperature-controlled loading dock.

With the installation of this high-speed equipment and a high-speed sorter and omni-directional moving-beam laser scanner, Perry says that it can load 100 trailers in two 10-hour shifts.

Genovese

Genovese also plans to open a semiautomated 150,000-sq.-ft. facility in Bohemia, N.Y. The company expects to add 100,000 sq. ft. to the warehouse.

The new Genovese warehouse, which will be leased from another company, will increase the number of sku's from about 8,000 currently in the old distribution facility in Melville, N.Y., to about 12,000, according to Don Gross, vp of marketing and distribution. The move will better position Genovese as a warehouse-oriented chain, creating "better turns at the store level with fewer out of stocks," said Gross.

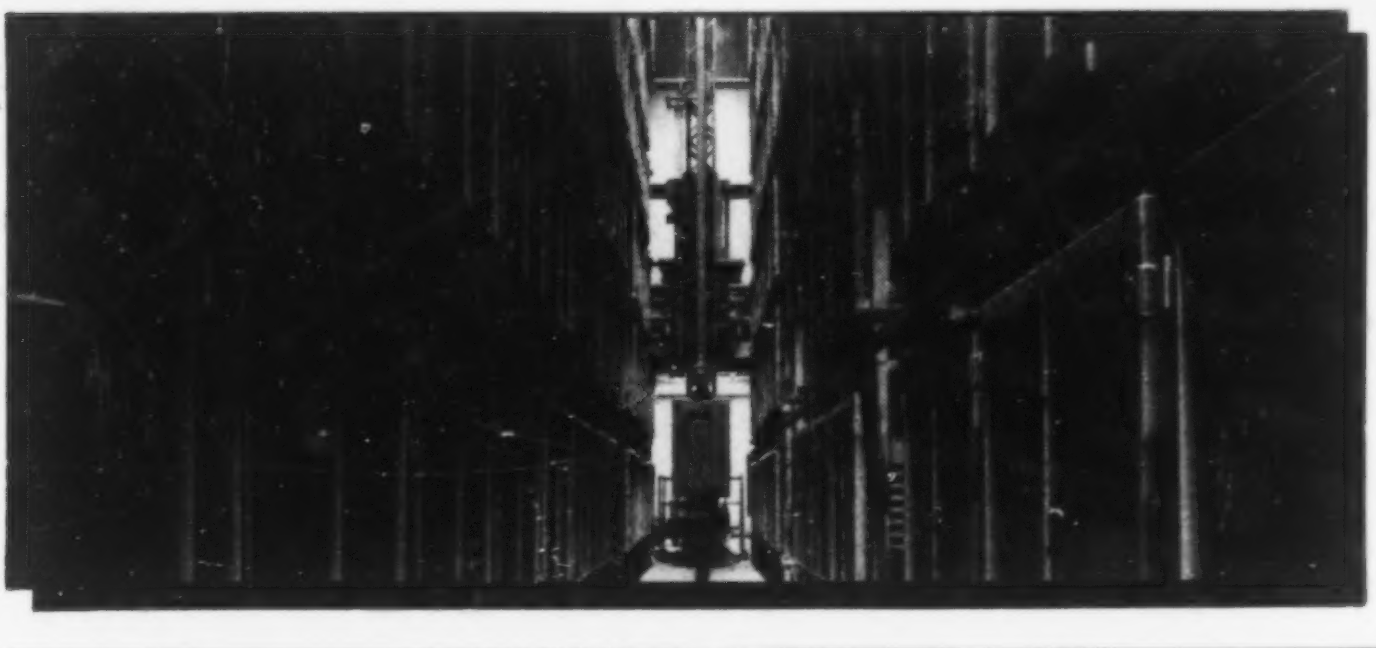
FoxMeyer

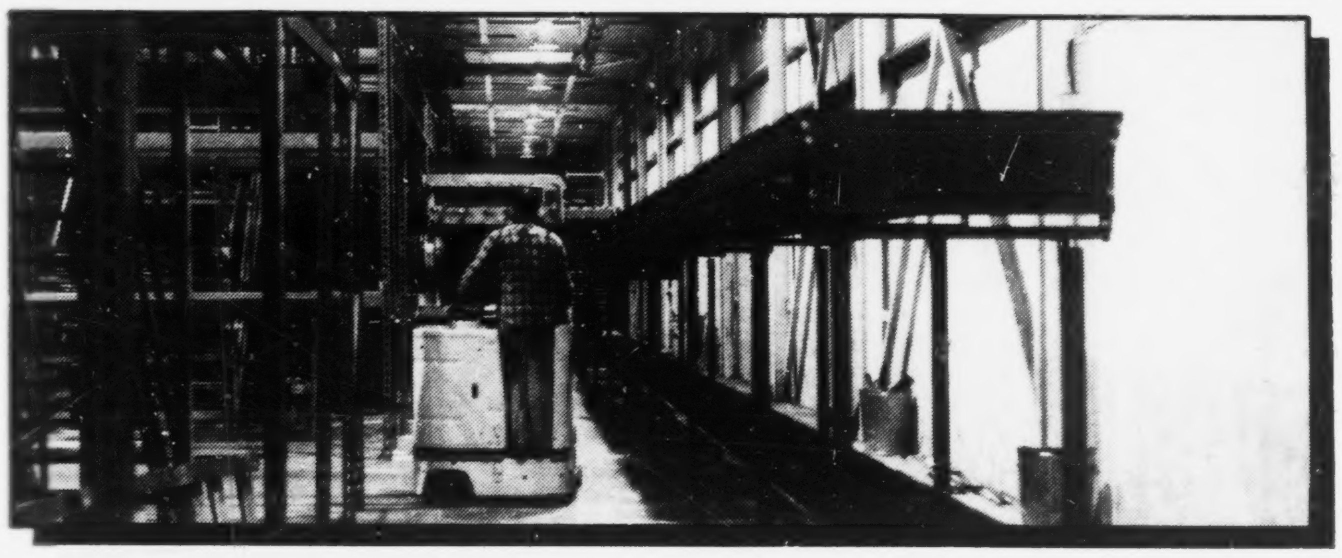
In other developments, FoxMeyer, the industry's fourth-largest drug wholesaler, recently opened a new 82,000-sq.-ft. facility in Slidell, La. Here too, technology provides key innovations. The facility contains cross-aisle picking, an innovation in the industry, according to FoxMeyer; a fully computerized receiving system; a perpetual inventory system, and a host of other mechanized systems.

Bergen Brunswig

Bergen Brunswig, another wholesaler, also tested an order-picking system last year. Testing was conducted at two picking stations in Bergen's San Jose distribution center. Bergen used an automated order-picking system made by Itematics, which is also used by Walgreens.

The $750,000 system includes both hardware and software, which allowed Bergen to integrate the system into computer applications already used in the company's various facilities.





Top Drug Chains in Warehousing

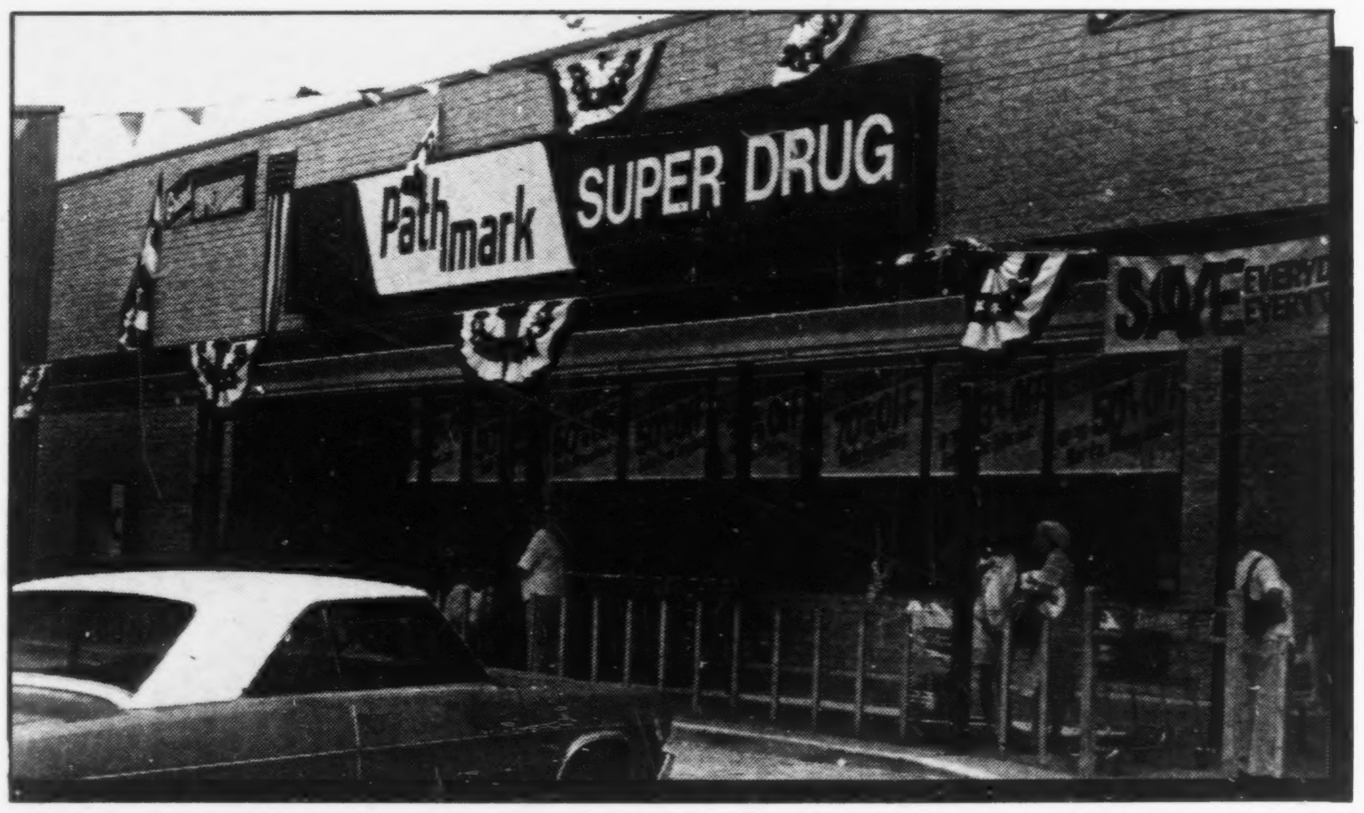
	1984		1983	
	No. of Facilities	Total Sq. Ft.	No. of Facilities	Total Sq. Ft.
Eckerd	9	2,799,000	6	2,608,000
Revco	9	3,000,000	9	2,195,831
Walgreens	6	1,800,000	6	1,746,000
Thrifty	3	1,180,000	3	1,180,000
Peoples	6	1,000,000	6	1,000,000
Rite-Aid	3	980,000	3	980,000
Jewel	2	800,000	2	800,000
CVS	2	683,000	2	689,000
Thrift	3	781,000	3	664,000
Gray Drug Fair	3	625,000	3	625,000
Hook	1	530,000	1	600,000
SupeRx	2	560,000	2	560,000
K&B	2	540,000	2	540,000
Pay 'n Save	2	540,000	2	540,000
Pay Less NW	1	508,000	1	533,000
Dart	1	500,000	1	500,000
Adams	1	410,000	1	410,000
Tom Thumb Page	1	400,000	1	400,000
American Stores	8	388,000	8	388,000
Snyder's	1	363,000	1	363,000
Fay's	1	280,000	1	295,000
Perry	2	288,000	2	288,000
Malone & Hyde	1	210,000	1	210,000
Courtesy	1	175,000	1	175,000
London Drugs	1	169,000	1	169,000
Boots	1	120,000	1	120,000
Rix	1	60,000	1	105,000
Kinney	1	105,500	2	105,500
Pharm-Escomptes	2	100,000	2	100,000
Duane Reade	1	140,000	1	100,000
Standard Drugs	1	100,000	1	100,000
Big B	1	100,000	1	100,000
LaVerdiere's	1	100,000	1	100,000
Carls	1	70,000	1	100,000
Begley	1	80,000	1	100,000
Discount Drug Mart	1	91,000	1	91,000
Kerr	1	120,000	1	88,000
Drug Fair of N.J.	1	81,000	1	81,000
Taylor Drug	1	80,000	1	80,000
Medicare-Glaser	1	76,000	1	80,000
A. D. Clark	1	75,000	1	75,000
Arbor	1	72,000	1	72,000
Pharmacity	1	70,000	1	70,000
Harco	1	60,000	1	60,000
Muir	1	60,000	1	60,000
Big "V"	1	60,000	1	60,000
Genovese	1	50,000	1	60,000
White Drug	2	55,000	2	55,000
Longs	4	variable	4	variable
Ribordy	1	44,000	1	50,000
People's Drug Mart	1	40,000	1	40,000
L. F. Widmann	2	47,000	1	40,000
Erickson	1	40,000	1	40,000
Lewis Drug	1	30,000	1	30,000
Douglas Drug	1	30,000	1	20,000
Sentry	1	25,000	1	20,000
Mi-Lo	1	15,000	1	15,000
Mays	1	15,000	1	15,000
Medi-Mart	1	13,000	1	13,000
Bartell	1	14,000	1	10,000

Combo units continue to lure shoppers

Combination store leaders

Company	Headquarters	No. of stores
Kroger	Cincinnati	420
Safeway	Oakland, Calif.	354
American Stores	Salt Lake City	245
Jewel/Osco		118
Skaggs Alpha Beta		92
Buttery		34
Buttery/Osco	Boise, Idaho	1
Supermarkets General: Pathmark	Woodbridge, N.J.	110
Albertsons	Boise, Idaho	91
Cullum: Tom Thumb Page	Dallas	72
Lucky Stores	Dublin, Calif.	72
Giant Foods	Landover, Md.	72
Raley's	Sacramento, Calif.	47
H. E. Butt	Corpus Christi, Tex.	40
A&P Family Centers	Clearwater, Fla.	26

Source: *Drug Store News* survey



The marriage between food and drug stores grew stronger during 1984 as the combination store concept continued to lure major food and drug retailers into profitable ventures.

As the popular offspring of this union, convenient one-stop shopping, became more accessible to the public, more shoppers turned to their local food/drug combo stores.

Another important offspring of this marriage is the increased profit potential it provides the retailer.

The reason for opening, and for converting to the food/drug combination, is a simple one—food, with an average profit margin of 1%, generates the traffic and drugs, with a margin of 3%, boosts the profits.

"Supermarkets provide $^2/_3$ of the volume and drug stores $^2/_3$ of the profits," notes one industry observer.

The major combo store news in 1984 was the acquisition of the Jewel Companies by American Stores. That $1.15 billion deal stands as the largest merger ever in the history of the chain drug industry.

The merger made American Stores the third largest food and drug chain in the country with a total of 2,200 food/drug combos, supermarkets and free-standing drug stores spanning 43 states.

Specifically, at year's end, American operated 245 food/drug combos: 118 Jewel/Osco; 92 Skaggs Alpha Beta; 34 Buttery, and one Buttery Osco.

The five central California Sav-On combos that Jewel had big plans for were closed down by American Stores within a few months of the takeover.

American Stores now ranks third in total number of combo stores operated. Cincinnati-based Kroger Company was operating 420 combos at year's end, and Safeway of Oakland, Calif., was operating 354.

An industry first occurred in October 1984, when Minyard Food Stores combined one of its food warehouse stores with a deep discount drug store. "Sack 'N Save" is a 76,000-sq.-ft. store combining for the first time warehouse selling of both food and drug items.

The store, complete with pharmacy, has a ratio of 60% food to 40% drug items. It is open 24 hours a day.

According to the company, the store must to a hefty $23 million in sales a year to break even. The company was so happy with the initial results of the store, that within a month of its opening, announced that it would open another in late spring of 1985.

The store is located in Waco, Tex., just 100 miles south of Dallas.

And speaking of Dallas. . . .

The Metropolitan Dallas Area, including Fort Worth, is undisputedly the toughest combo market in the country. The area is served by the giants in the combo world, including Skaggs Alpha Beta and Tom Thumb/Page.

Albertson's, which operates a total of 91 combos, made Dallas a bit tougher in 1984 when it returned to the market after an absence of seven years. The company announced its plans to build 10 stores in the area.

The chain is taking its new move quite seriously. Earlier this year, it sold its seven Alabama combos to Bruno's because it lacked market penetration. Concentration will now be on Sunbelt markets.

Prior to 1977, the Skaggs-Albertson food/drug combo stores dominated the Dallas market, but when the two companies broke up their partnership, Skaggs got the Dallas market where it kept expanding its Skaggs Alpha Beta combo stores.

Albertson's has returned with a new low price posture, and industry officials predict that the company's major target in this hot market is its old partner.

In order to serve its Dallas combos better, Tom Thumb/Page increased its warehouse space by 24% during 1984 by adding another 110,000 sq. ft. to its existing 467,000 sq. ft. Tom Thumb/Page operates a total of 72 food drug combos.

Albertson's also returned to another market last year that it left about 17 years ago—Tacoma, Wash.

In other combo store news:

- Raley's, which operates 47 food/drug combos in the Sacramento and Lake Tahoe areas, added a new dimension to its 55,000 sq. ft. stores last year. It is testing in-store travel centers in six of its locations. The glassed-in travel offices occupy between 500-600 sq. ft. and are located "wherever they can be fit into the stores."
- Pneumo Corporation, owners of Carl's Drug Stores and P&C supermarkets, opened a 48,000-sq.-ft. combo in Lebanon, N.H. The store, with a ratio of 70% food to 30% drug, is the first combo to serve this particular part of New Hampshire.
- Also in New England, Wellby started testing a mini-combo concept in Augusta and Portland, Me. The stores are 7,500 and 8,500 sq. ft., respectively.
- Quick Chek, a New Jersey-based convenience food store chain, ended 1984 with six mini-combos, averaging about 7,200 sq. ft. The company plans to add 12 additional mini-units during 1985.

TOM THUMB-PAGE
Deli-Bakery
Food-Drug
Prescriptions
GRAND OPENING!
TOM THUMB-PAGE

1985 Annual Report of the Chain Drug Industry

1985 drug chains financial scorecard

Total corporate sales
(add 000,000)

Company	FY ends	'84	'83	'82	'81	'80
1. Walgreens	8/31/84	$2,745	$2,360	$2,039	$1,743	$1,530
2. Eckerd	7/28/84	2,622	2,325	2,080	1,752	1,408
3. Revco	6/2/84	2,228	1,792	1,554	1,310	1,092
4. Rite Aid	6/2/84	1,446	1,223	1,049	1,066	944
5. Longs	1/31/85	1,376	1,214	1,223	1,005	893
6. Thrifty	8/31/84	1,299	1,187	1,126	1,054	949
7. Pay Less NW	1/31/85	925	852	784	758	750
8. Perry	10/31/84	373	285	244	192	136
9. Fay's	1/31/85	367	312	270	238	243
10. Hook	12/31/84	351	320	285	261	235
11. Genovese	2/1/85	220	193	158	134	122
12. Big B	2/2/85	148	116	87	N.A.	N.A.
13. Medicare-Glaser	3/31/84	77	69	57	N.A.	N.A.
14. Begley	3/31/84	61	56	49	47	42
15. Rix	9/1/84	39	34	31	30	29

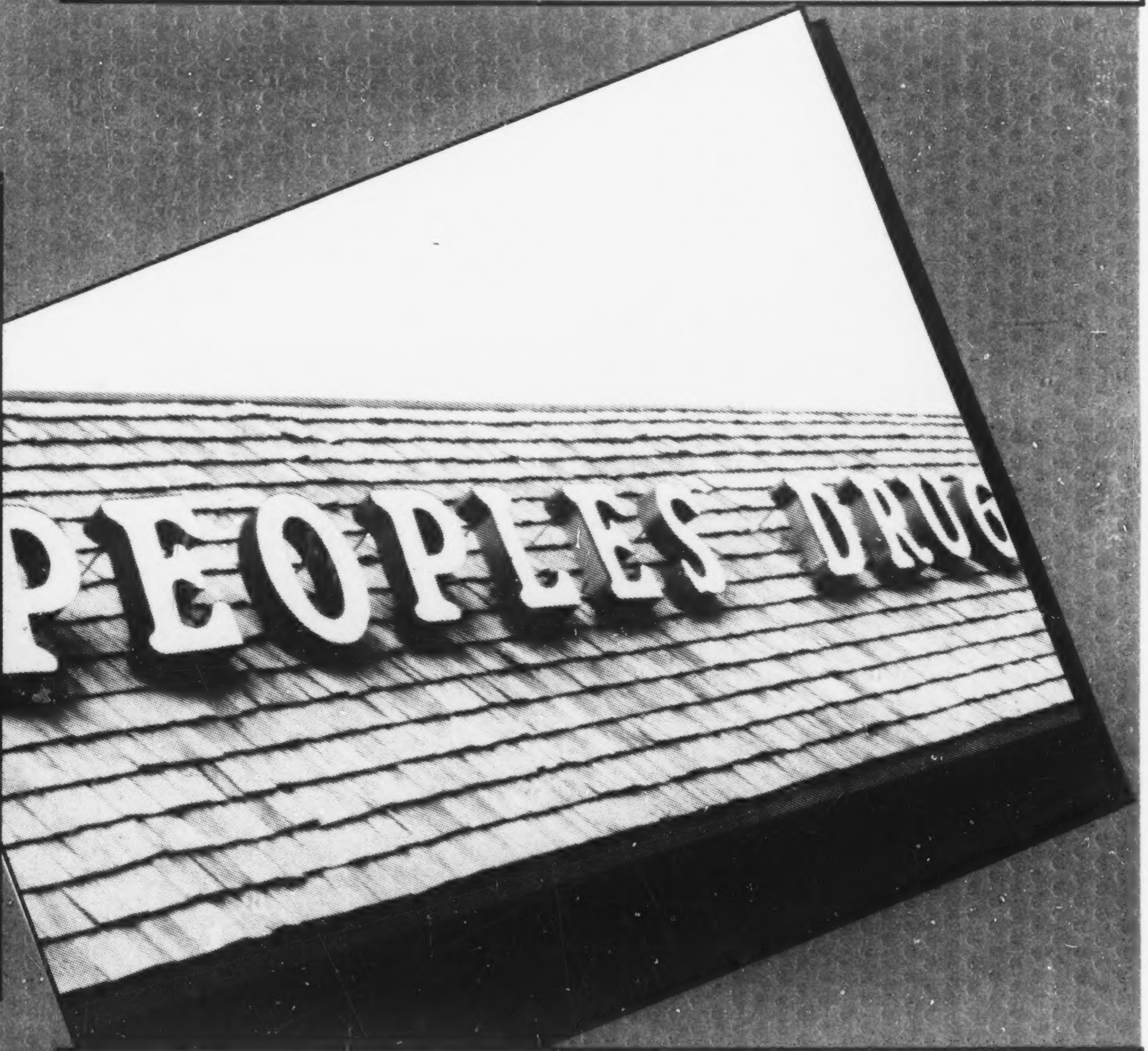
+ Restated to reflect Super Rite offering

Drug store units

Company	'84	'83	'82	'81	'80
1. Revco	1,778	1,661	1,593	1,514	1,247
2. Eckerd	1,423	1,319	1,238	1,135	1,045
3. Rite Aid	1,275	1,148	1,055	963	878
4. Walgreens	1,002	941	833	821	739
5. Thrifty	542	537	533	534	529
6. Hook	298	288	272	257	257
7. Longs	191	178	173	162	149
8. Pay Less NW	162	149	147	143	144
9. Perry	146	122	125	117	97
10. Fay's	125	102	92	84	111
11. Big B	114	99	83	N.A.	N.A.
12. Rix*	34	33	34	35	38
13. Medicare-Glaser	101	101	89	N.A.	N.A.
14. Genovese	77	72	66	61	58
15. Begley	45	43	47	51	50

*Rix also operates 73 drug store departments within department stores

SUPER X DRUGS
SUPER X BRAND - THE "CENTS-IBLE" CHOICE!



Sales per average store
(add 000)

Company	'84	'83	'82	'81	'80
1. Longs	$7,203	$6,823	$6,493	$6,206	$5,995
2. Pay Less NW	5,709	5,724	5,338	5,304	5,000
3. Fay's	2,934	3,062	2,938	2,836	2,190
4. Genovese	2,861	2,691	2,404	2,199	2,103
5. Walgreens	2,609	2,379	2,179	1,911	1,910
6. Perry	1,983	2,012	1,954	1,641	1,406
7. Thrifty	1,529	1,507	2,113	1,975	1,795
8. Eckerd	1,578	1,521	1,462	1,413	1,348
9. Big B	1,299	1,182	1,053	N.A.	N.A.
10. Revco	1,253	1,079	976	866	876
11. Hook	1,178	1,113	1,049	1,016	916
12. Begley	1,022	1,010	802	712	663
13. Rite Aid	1,017	1,066	938	871	849
14. Medicare-Glaser	760	690	651	N.A.	N.A.
15. Rix*	360	1,052	929	844	764

Sales per store reflect averages for drug stores only.
*This year Rix leased departments were also used in the sales per outlet calculation.

Net income+
(add 000)

Company	'84	'83	'82	'81	'80
1. Revco	$93,411	$66,470	$49,638	$45,129	$38,916
2. Walgreens	85,446	69,789	56,064	42,127	34,813
3. Eckerd	85,374	71,731	70,681	78,510	69,254
4. Rite Aid	69,936	62,167	49,885	39,852	35,885
5. Longs	40,094	36,387	30,890	30,274	25,862
6. Pay Less NW	28,790	24,721	19,375	16,649	14,317
7. Thrifty	27,921	22,503	18,302	17,752	14,745
8. Fay's	8,679	8,103	5,479	3,071	923
9. Hook	8,122	8,699	6,592	5,853	7,318
10. Perry	7,650	4,545	2,868	3,369	2,363
11. Big B	4,442	3,471	2,541	N.A.	N.A.
12. Genovese	4,137	3,856	2,646	1,780	516
13. Medicare-Glaser	2,952	970	76	N.A.	N.A.
14. Begley	733	807	229	798	963
15. Rix	388	227	102	179	250

+ Excludes income from special nonoperative sources

1985 drug chains financial scorecard

Gross margin %

Company	'84	'83	'82	'81	'80
1. Medicare-Glaser	34.2%	33.1%	33.2%	N.A.	N.A.
2. Hook	34.0	34.3	33.9	33.6%	35.2%
3. Begley	33.9	33.4	31.0	32.0	31.8
4. Perry	31.1	29.9	29.8	29.8	30.4
5. Walgreens	30.7	30.6	30.5	29.3	29.5
6. Genovese	29.7	29.9	29.9	29.8	29.9
7. Pay Less NW	N.A.	28.8	28.7	27.4	26.7
8. Eckerd	29.4	28.3	28.7	29.3	29.2
. Rite Aid	29.3	28.2	27.1	22.6	23.1
0. Big B	29.3	29.8	29.6	N.A.	N.A.
11. Thrifty	28.6	28.2	27.9	27.4	26.7
12. Revco	28.1	27.1	27.0	26.7	26.6
3. Fay's	25.5	25.6	24.9	25.3	23.5
4. Longs	24.0	24.6	24.1	24.1	23.4
15. Rix	7.7	7.1	7.6	6.5	9.2

Net-To-Sales Ratio

Company	'84	'83	'82	'81	'80
1. Rite Aid	4.8%	5.1%	4.8%	3.7%	3.8%
2. Revco	4.2	3.7	3.2	3.4	3.6
3. Medicare-Glaser	3.8	1.4	0.1	N.A.	N.A.
4. Eckerd	3.3	3.3	3.4	4.5	4.9
5. Walgreens	3.1	3.0	2.7	2.4	2.3
6. Pay Less NW	3.1	2.9	2.5	2.2	1.9
7. Longs	2.9	3.0	2.8	3.0	2.3
8. Big B	2.9	3.0	2.9	N.A.	N.A.
9. Fay's	2.4	2.6	2.0	1.3	0.4
10. Hook	2.3	2.7	2.3	2.2	3.1
11. Perry	2.1	1.6	1.2	1.8	1.7
12. Thrifty	2.1	1.9	1.6	1.7	1.6
13. Genovese	1.9	2.0	1.7	1.3	0.4
14. Begley	1.2	1.4	0.5	1.7	2.3
15. Rix	1.0	0.7	0.3	N.A.	0.9

Expense ratio +

Company	'84	'83	'82	'81	'80
1. Rix	5.1%	5.4%	5.9%	6.1%	5.9%
2. Revco	19.1	19.0	19.6	19.3	19.1
3. Rite Aid	17.5	19.9	16.2	13.7	13.6
4. Fay's	20.2	19.5	19.4	21.0	20.9
5. Thrifty	20.8	22.3	22.4	21.8	21.8
6. Pay Less NW	N.A.	20.8	22.1	20.6	20.0
7. Eckerd	21.5	21.0	21.1	20.6	20.6
8. Big B	23.2	23.7	24.1	N.A.	N.A.
9. Walgreens	24.1	24.4	25.1	25.0	24.5
10. Genovese	24.7	25.0	25.3	26.0	25.2
11. Perry	26.2	25.9	26.1	25.5	26.1
12. Hook	28.0	27.8	28.0	27.4	27.4
13. Medicare-Glaser	28.9	28.3	30.1	N.A.	N.A.
14. Begley	44.8	42.7	37.8	40.1	38.9

+ Excludes depreciation and amortization costs.

Return on investment %

Company	'84	'83	'82	'81	'80
1. Medicare-Glaser	27.9%	21.6%	1.8%	N.A.	N.A.
2. Revco	22.7	20.2	17.4	18.3%	19.1%
3. Walgreens	22.3	21.4	18.7	16.8	16.8
4. Rite Aid	20.6	21.3	19.1	18.3	18.9
5. Pay Less NW	20.2	20.9	18.1	18.2	19.8
6. Thrifty	19.3	17.4	15.0	15.0	13.7
7. Genovese	19.3	21.3	16.1	12.6	4.5
8. Hook	17.2	20.3	16.2	15.4	20.2
9. Big B	15.9	14.6	11.5	N.A.	N.A.
10. Fay's	15.6	20.8	23.4	14.7	5.0
11. Eckerd	14.4	13.1	13.3	16.8	18.1
12. Perry	12.7	11.5	11.2	14.4	11.6
13. Rix	8.3	4.9	2.3	N.A.	5.4
14. Begley	7.5	8.6	2.5	8.1	9.0

BEST AVAILABLE COPY

Computer technology improves

Pharmacy computers took a quantum leap in 1984 with an expansion in their versatility and continuing reduction in cost.

Pharmacy computer systems, introduced in the late 70's, have steadily improved over the past five years. Increased memory, more sophisticated software and a miniaturization of hardware are credited as being major factors in the 80's for what some manufacturers are calling "third-generation" systems.

"We reached a turning point in 1984," said Bill Lockwood, president and publisher of *ComputerTalk*. "The price of a computer system is now cost-justified. There is no excuse not to purchase a system."

Last year, several drug chains announced tests of fully integrated pharmacy/store management systems. Now, not only will the computer handle the routine tasks of filling prescriptions and preparing patient profiles, but also inventory control, point-of-sale purchases, automatic ordering and a host of other electronic applications necessary in evaluating store operations.

Until now, pharmacy computers have concentrated on automating only the pharmacy, and, for the most part, have been a success. The new systems introduced in 1984 have taken that a step further by automating other departments throughout the store and feeding all the information through the pharmacy system.

One major feature of the new systems is the ability to communicate with a host computer. Data can be transmitted via telephone lines and collected at a central location for interpretation. Third-party claim submissions can be done by the main office instead of individual pharmacies for more accurate and faster reimbursement.

While industry experts agree that inventory control and analysis of gross profits through point-of-sale scanning technology is still a year or two away, several chains began testing in 1984.

Pay Less NW was one of the first chains to fully integrate its pharmacy system with the rest of the store, and Rite Aid is also testing an integrated front-end computer management system in several stores.

While there has been a flurry of activity in the high-tech computer business, POS and scanning technology is expected to go through the same growing pains the pharmacy computer system experienced.

"Many are taking the same 'wait-and-see' attitude," said ComputerTalk's Lockwood, "but rest assured, the industry is on its way to even greater sophistication in computer technology."

Aside from the pharmacy/management benefits derived from computers in chain stores, retailers are realizing that the computer systems make excellent marketing tools.

In advertisements to their customers, chains emphasize the computer in cutting down waiting time for prescriptions. The pharmacist does not have to look up prescriptions in a book. By merely pushing several keys, he can view the patient's entire prescription history.

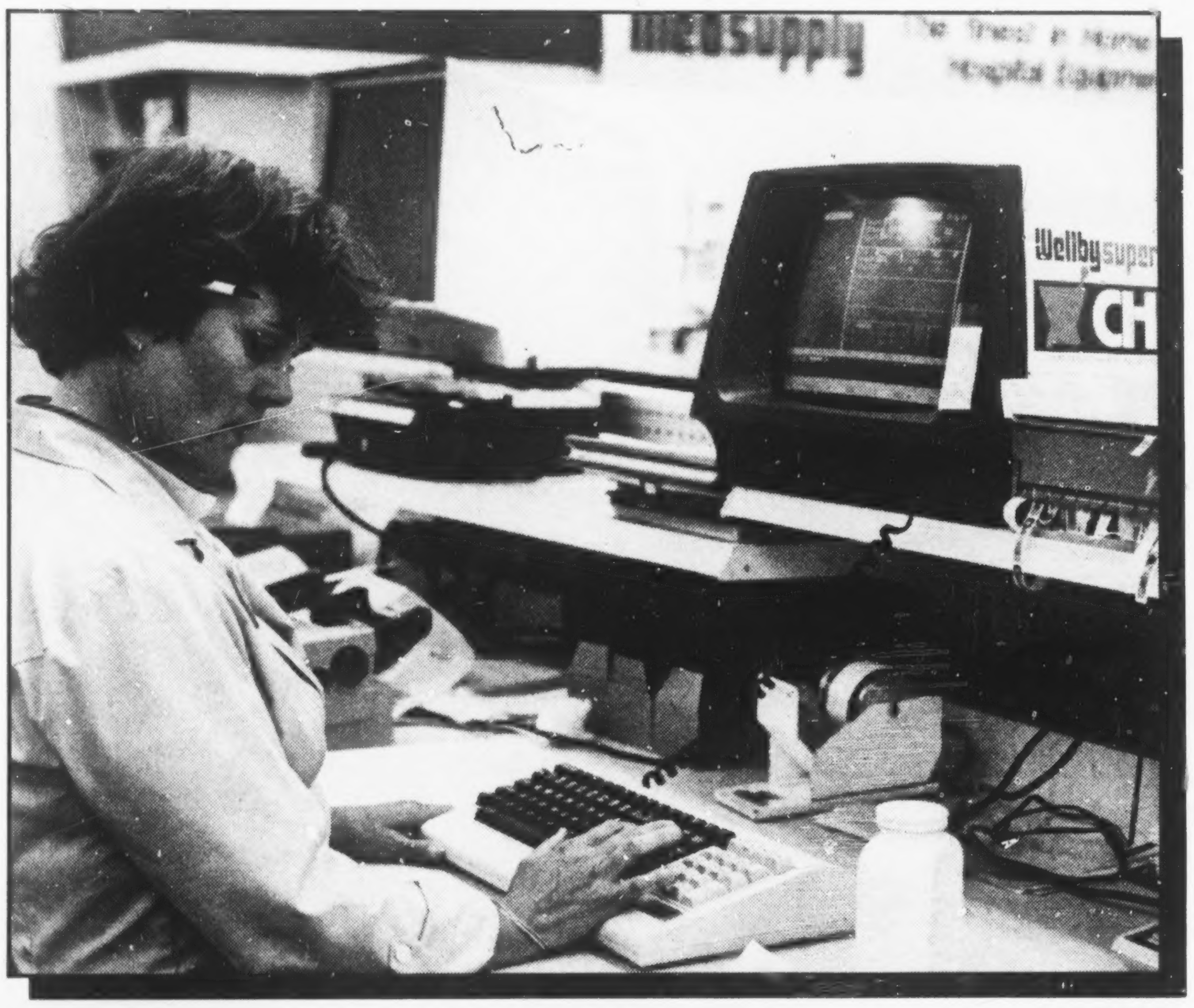
In addition, the chains advertise the fact that a listing of prescriptions is available to customers for any period of time, especially during tax season. And even the pharmacist's professionalism is heightened with the advent of drug interaction databases.

At least one company is concentrating on increasing the marketing capabilities of its pharmacy computer system. In its latest version, the pharmacist can access a word-processor built into the computer and merge letters to a particular group of customers he wants to reach.

Another feature is the production of a multicolored label, making reading prescription labels easier for the elderly or sight-impaired.

And finally, computers have been shown to lessen the pharmacist's stress while filling prescriptions.

Because of the computer's speed, the pharmacist can fill more prescriptions faster, allowing him to spend more time consulting with patients. The computer eliminates writing third-party claim forms by hand and allows pharmacists to maintain better control over inventory.



Status of Rx computers in chain drug stores

Company	1984 Rx computers in use	% of total stores	1985 Estimated total installations	Estimated % of total stores
Walgreens	991	98	1,102	100
Eckerd	400	28	900	40
Thrift	346	93	n.a.	n.a
Revco	260	15	560	29
Medicine Shoppe	185	38	210	33
Peoples	180	24	n.a	n.a
Pay Less NW	164	100	—	100
Hook	144	42	244	77
Fays	119	100	139	100
Rite Aid	100 +	8	n.a.	n.a.
Big "B"	99	100	—	100
Longs	75	39	n.a.	n.a.
Medicare-Glaser	72	71	91	75
Shoppers Drug Mart	65	15	n.a.	n.a.
Carl's	42	100	50	100
Genovese	60	78	n.a.	n.a.
Kerr	47	100	—	100
+ + Standard	40	100	46	100
Taylor	28	61	n.a.	n.a.
Harco	18	34	38	64
CVS	17	5	117	33
Sentry	16	100	18	100
Bartel	14	54	15	56
Douglas	10	100	18	100
Tiffany Davis	10	100	—	100
Ribordy	9	35	n.a.	n.a.
Crown	9	56	19	100
Super X	8	14	22	35
La Verdiere's	5	9	n.a.	n.a.
Begley Drug	4	8	n.a.	n.a.
White Drug	4	12	n.a.	n.a.
Medi Mart	2	3	17	26
Duane Reade	2	8	n.a.	n.a.

+ + 65% of all Standard stores have pharmacies.

Source: *Drug Store News* survey

PERFORMANCE

1985 Annual Report of the Chain Drug Industry

More chains try deep discounting

The deep-discount drug field grew more crowded last year as major drug chains, food, discount and specialty retailers entered the multibillion-dollar business.

Although the deep-discount format continues to attract independent entrepreneurs, more and more of the nation's largest retailers have taken notice of the phenomenon. To be sure, the entry of such retail giants as the Melville Corp., Supermarkets General Corp. and F. W. Woolworth are altering the face of deep-discount drug retailing.

Last summer, the Melville Corp., in a surprise move, became the first major corporation to enter the deep-discount business by **acquiring** an independently operated store. The purchase of Freddy's deep-discount store in Rochester, in a deal worth an estimated $2 million, was viewed as a test project for Melville.

However, it wasn't long before the test was expanded. A second Freddy's was scheduled to open in Rochester this month. In addition, as many as four more units are said to be in the planning stages.

Only a year ago, Supermarkets General, operators of Pathmark supermarkets and drug stores, had yet to open its first deep-discount drug store. It now ranks as one of the biggest deep-discount operators.

In midsummer, the company opened a deep-discount drug store in Baltimore. Two more Pathmark Super Drug deep-discount stores were subsequently opened in that market.

At about the same time the first Pathmark Super Drug was opening, Supermarkets General acquired 10 Heartland deep-discount stores, New England's leading discount chain, as part of the purchase of Purity Supreme, owners of Heartland.

The company intends to aggressively expand both the Heartland and Pathmark Super Drug Stores over the next two years.

Major retailing behemoths weren't the only ones to enter the high-flying deep-discount business via the acquisition route. Fay's Drug purchased the Syracuse-based Jay Jay's store from S. M. Flickinger Co.

Markets limited

The driving force behind the rush to open deep-discount stores is the fact that most major markets around the country can only support a limited number of these stores, which can produce up to $20 million in sales a year. Chains and independents are in a race to establish themselves in their markets before the competition does.

One such race is under way in the Philadelphia-southern New Jersey market. Drug Emporium, the nation's largest chain of deep-discount stores, plans to open as many as 20 deep-discount units there over the next 18 months.

F. W. Woolworth Co. will join the ranks of the deep discounters when it premieres its first low-margin drug store called the Rx Place in southern New Jersey. Three more Woolworth deep-discount stores may be opened in the Philadelphia area in 1986.

Meanwhile, in northern New Jersey, Community Distributors, operators of Drug Fair of New Jersey drug stores, created a big splash by opening five deep-discount drug stores called Cost Cutters in the last 12 months.

Baltimore has been another hotbed of activity for the deep discounters. In addition to Pathmark's entry to that market, Peoples Drug Stores opened its first Bud's Deep-Discount Drug Store & More in Greenbelt, Md., outside of Washington, D.C. A second Bud's is planned for Indianapolis

Deep-Discount Drug Stores
(Operated by traditional drug chains)

Company	HQ	Name of deep-discount store division	No. of stores in operation	Average size (sq. ft.)	Estimated per store volume (millions)
American Stores Drug Division	Salt Lake City	FAD	1	31,000	$18
Revco	Twinsburg, Ohio	Get It For Less	2	23,000	$10
Shoppers Drug Mart	Toronto	*Howie's	2	18,000	$8 to $10
		Carnaval	1	18,000	$8 to $10
Pay Less NW	Wilsonville, Ore.	Value Giant	3	30,000	$12 to $15
Peoples	Alexandria, Va.	Bud's	1	35,000	$8 to $10
Rite Aid	Shiremanstown, Pa.	Drug Palace	3	20,000	$6 to $8
Perry	Pontiac, Mich.	A. L. Price	2	20,000	$8 to $10
Fay's	Liverpool, N.Y.	Jay Jay's	1	38,000	$10
SupeRx	Cincinnati	Superxtra	3	20,000	$6 to $8
Medicare-Glaser	St. Louis	Meg's	1	25,000	$8 to $10
CVS	Woonsocket, R.I.	Freddy's	2	25,000	$12
Ribordy	Valparaiso, Ind.	R-Way	1	20,000Est	$6 to $8
Keystone	Omaha	Right Price Drugs	1	18,000Est	$6
Genovese	Melville, N.Y.	Best Buys	1	20,000Est	$8 to $10
Brown Drug	Springfield, Ohio	Drug Castle	1	20,000Est	$6 to $8
Drug Fair of N.J.	Somerville, N.J.	Cost Cutter	3	18,000	$6 to $8
Dart Drug	Landover, Md.	Total Plus	5	19,000	$4 to $5
Standard Drug	Richmond, Va.	More For Less	1	3,000	$800,000

*Howie's is the name for SDM's deep-discount drug stores located in English speaking markets in Canada. Carnaval is the name for the same concept located in French speaking markets.

Source: *Drug Store News* survey

Price battle

In fact, competition heated up in the Baltimore market to the point that a price war erupted with Giant Foods slashing prices on greeting cards, cosmetics, health & beauty aids and in a number of other core drug store categories. Safeway also cut prices on drug store items in its stores in the Baltimore and Washington markets.

The threat of deep discounters taking market share has sparked price wars in other markets around the country.

Revco D.S., which operates two Get It For Less deep-discount stores of its own in Memphis and Minneapolis, reduced prices up to 40% on 3,000 health & beauty aids in 230 stores in six markets. The action was taken, according to Marc Dworkin, the chain's executive vp, marketing, in order to make a "statement" to the "deep discounters, the food and drug combo stores, the mass merchandisers, to anyone who's been using traditional drug store products to build a low-price image."

Fay's Drug rolled back prices in Rochester in response to the opening of the second Freddy's. Fay's price cuts were instituted in 25 stores and involved more than 8,100 sku's.

The chain drug industry's knee-jerk response to the growth of the deep discounters comes at a time when more of the conventional chain operators are rolling out deep-discount stores of their own.

In addition to Peoples and Fay's, several other drug chains entered the deep-discount business last year. Among the new players: American Stores' FAD, Pay Less NW's three Value Giant stores and Medicare Glaser's Meg's. They join a long list of chains, including Perry Drug, Shoppers Drug Mart, SupeRx and Ribordy, which are already operating deep-discount stores.

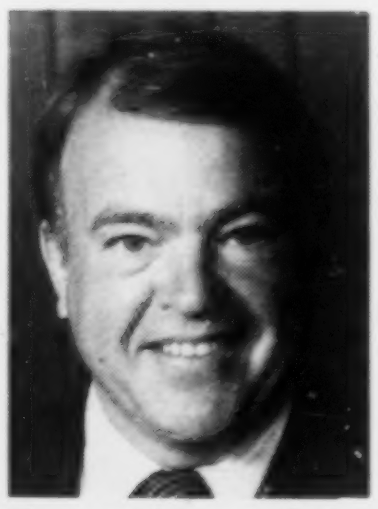
ET IT FOR LESS,
shampoos
AVE UP TO 50%
2
GET IT FOR LESS,
oral hygiene
SAVE UP TO 50%
3
GET IT FOR LESS
skin care & soap
SAVE UP TO 50%
GET IT FOR LESS
$2.39
GET IT FOR LESS
$5.6

PERFORMANCE

1985 Annual Report of the Chain Drug Industry

Drug chain execs look to the future

Charles R. Walgreen III
chairman, ceo
The Walgreen Co.



In 1985, Walgreens will continue to run convenient, customer-oriented, profitable drug stores across the nation. We project 100 new stores for the year, chiefly within our existing major markets. Finding quality locations for those stores is perhaps our biggest challenge. Our success will be based on flexibility—our 10,000- to 15,000-sq.-ft. store size allows us to take advantage of every kind of location, from densely populated downtowns to neighborhood corners to suburban strip centers.

Store management development is another top priority. Our objective is to attract and train competent managers who also will be leaders that will recognize the importance we place on the entrepreneurial spirit.

Other challenges? The continued computerization of our stores and further productivity improvements in the distribution centers.

The U.S. Commerce Department forecasts a 10% increase in drug store industry sales for 1985. Based on past performance, Walgreens should do even better. We're not a company hungry for diversification. We think our drug store industry has plenty of potential.

Denis Ribordy
president
Ribordy Drugs

There will be a great deal of proliferation of drug/food combos and of deep-discount box stores in the next decade. The one-stop convenience of combo units gives them a competitive edge. The appearance of combos in a marketplace will greatly reduce the number of strip centers with grocery anchors for drug store locations. We are going to have to look at freestanding stores and small strip centers where we are the anchor. The price pressure from mass merchandisers and deep-discount stores will compress margins even more.

Changes in the health care delivery system will have a tremendous impact on us in the future. HMO's and preferred provider organizations will capture most of the prescription markets.

Cost containment in hospitals is a whole new game for them. To compensate, hospitals will go into more and more outpatient services and off-site satellites and centers. They will aggressively seek outpatient prescription business. If pharmaceutical manufacturers continue their two-tier pricing, it will put chains at a severe cost disadvantage. Cost containment and DRGs and PPOs will also encourage physicians to dispense prescriptions as a means to supplement their income.

Large chains will have the resources to withstand these challenges. Large chains' drive for market share and market dominance will also have a big impact on small chains. Small chains are going to have to be innovative, aggressive and very cost-conscious to remain viable in the next decade.

Marc Dworkin
executive vp
Revco Drug Stores

Nineteen eighty-five will be a very competitive year. The challenges we face will not only come from within our own industry as we compete for increased market share, but also from supermarkets and mass merchandisers, which are adding an increasing number of pharmacy departments. The industry's challenge is: How do we take these negative points and turn them into positives?

Jack A. Robinson
chairman and ceo
Perry Drug Stores

In 1985, I expect the retail industry to continue to experience healthy growth, although I don't expect it to equal the record achieved during 1984.

The economy as a whole began the year on an upbeat note and prospects look bright for continued growth throughout the year. Inflation has been tamed and economists expect it to remain under control. Prices are reined in, unemployment is stable, and new jobs are being created giving consumers ample buying power. For retailing, which has historically been responsive to economic growth, these are positive signs for the industry's future. I believe retailers should enjoy continued strong sales and increased earnings during 1985, although perhaps not quite as vigorous as last year's. They should also benefit from stable wholesale prices and wage levels.

Optimistic economic indicators aside, if retailers wish to maintain steady growth, they must remain alert to changes in the industry. They must continually be responsive to industry marketing trends and to technological advances, such as point-of-sale equipment or pharmacy computer systems, which affect the way retailers have traditionally operated.

I expect that the industry will be responsive as it has always been and that retailing should enjoy a good, although not exceptional, year in 1985.

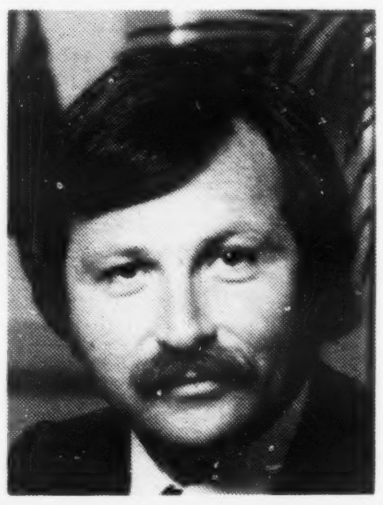
Stewart Turley
chairman and ceo
Jack Eckerd Corp.

The chain drug industry will benefit from continuing consumer confidence, rising employment and a healthy economy. Although there is increasing competition, drug stores that adapt to meet the changing lifestyles of consumers will continue to grow.

While consumers are price-conscious, they have a keen interest in the quality of products and services they purchase and the availability of convenient shopping. These are the keys to the industry's relationship with the consumer. We must continue to offer customers good value, convenience and a wide variety of products to meet their changing health and general merchandise needs.

Through innovative changes as well as a focus on the basics of retailing—buying and selling—we anticipate very positive growth opportunities for Eckerd drug stores.

David R. Bloom
president and ceo
Shopper Drug Mart



Nineteen eighty-four saw dramatic changes in the Canadian political, economic and business environment. With the new Federal government in Ottawa, inflation down to below 5% (from almost 11% just two years earlier) and a relatively optimistic business climate, a more positive trend has developed in the Canadian marketplace.

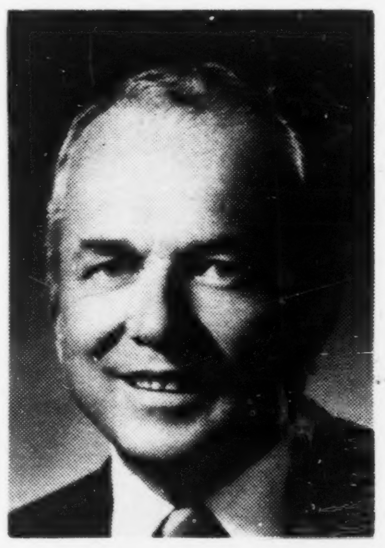
Shoppers Drug Mart thrives with this new confidence and changing environment and continues to march in the front ranks of our industry in terms of sales growth, return on investment and profitability.

Perhaps our greatest boost came with the acquisition by our parent, Imasco Limited, of the Peoples Drug Store chain in the United States. The synergistic effects of that relationship are already being felt by both corporations.

With the dramatically changing competitive arena, because of the increase in food/drug combo stores and off-price discounters, we are currently repositioning our company to reinforce our price and convenience image to the consumer. Programs such as C.A.R.E. (Customers Are Really Everything) serve as a key strategy to reinforce the caring feeling among all our staff, both at a store, regional and corporate level. It has proved to be a resounding success, especially at the prescription department.

We continue to believe that Shoppers Drug Mart will be well positioned for the balance of this decade because Shoppers Drug Mart Limited will be comprised of four major concepts—Shoppers Drug Mart prototype, Shoppers Drug Mart Plus, Shoppers Drug Mart Health Care Centre and Howie's—our off-price stores. Each concept targets in at a specific market segment. Each concept will enjoy great growth over the years to come.

Tony J. Crncich, B. Sc. Phm.
ceo
Big V Pharmacies Co. Limited



We at Big V Pharmacies Co. Ltd., a regional drug chain of 72 pharmacies in southwestern Ontario, Canada, have found business to have held up nicely through 1984.

Prescription volume appeared to grow somewhat faster than front shop, although a 17% overall sales increase was most acceptable for our company.

Like many others, we are in the process of examining and experimenting with POS systems. We continue to expand at a rate of about 10% of our existing stores annually.

The retail drug industry in our area of Canada is quite competitive and active. We are experiencing the introduction of warehouse stores and expect these may have some effect on our front-shop business for a period of time where we have nearby stores.

We also are watching the major food retailers who are adding pharmacies into their huge stores.

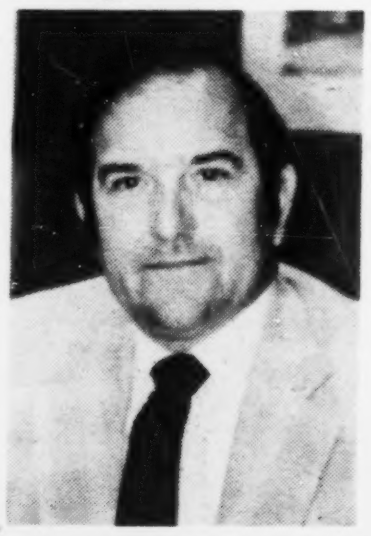
The success rate for these types of pharmacies has not been very good over the past few years in our particular areas, but we are quite aware of their presence and are maintaining very aggressive promotional programs.

Our locations, being full service community neighborhood pharmacies with good prescription volumes, seem to insulate us somewhat from the effects of these larger impersonal stores.

We hope to continue our fairly rapid expansion program, both in our existing areas and also in newer areas adjacent to our present operations.

Industry execs look to the future

Donald D. Beeler
president
Snyder's Drug Stores



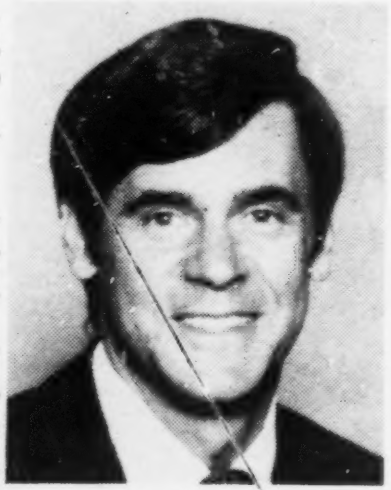
Certainly the implementation of state-of-the-art information systems has a top priority in our chain. We see these as a must for improved productivity and decision making.

Chain druggists in our upper midwest market area have two concerns as they relate to future sales and profits.

1) The increased market share that grocery stores are achieving in the H&BA category. This is magnified in our major markets with very competitive deep discounting by four major grocery chains—Cub Foods, Country Stores, Rainbow Foods and Holiday Foods. The cost-plus competitive pricing of these major grocers in the H&BA categories reflects directly in the lack of success of the deep-discount drug stores in this area.

2) A farm economy that is in deep trouble and does not appear to have any chance of recovering in the near future. All of our corporately owned and independent retail associate stores are affected by this downturn. It is apparent to us that increased sales will have to come from increased market share—from all segments of competition. We have plans in place to achieve this and are very optimistic about the future of Snyder Drug in our marketing area.

James I. Harrison Jr.
president
Harco Drug Inc.



At Harco, we are basically "bullish" about the balance of 1985.

We are expecting a fairly stable economy with interest rates holding a reasonable line for the balance of the year and, hopefully, into the first half of 1986.

The initial months of the year have shown strength and we believe and hope that the trend will continue throughout the balance of the year. We are buying for a strong fourth quarter of the year in expectation of a good Christmas selling season.

The challenges for the year will be a mounting shortage of pharmacists as well as a growing downward pressure on gross profit margins as we see more and more "players" in the game and new formats, such as "deep discounters."

We expect to be adding more sophistication and productivity to our stores in the balance of the year, with a continued expansion of pharmacy computers in our stores and a look at the potential for us of POS terminals.

All in all, we expect our company to perform very well in 1985—helping to establish a strong base for the balance of the decade.

Bob Begley
chairman & president
Begley Drug Stores

I see in '85 a year of controlled growth by drug chains. There will continue to be some caution exercised by ceos because market share will continue to be hard to increase. The reason is there continues to be competition in the marketplace. Interest rates will go up in the fourth quarter—I am fairly concerned about increased rates in '86. I suspect many chains, mass merchandisers and groceries will make '85 and some of '86 a year of increased profit margin, rather than unit growth and volume. Most chains will be successful in improving profit margins and solidifying existing market shares.

Jim Salmanson
vice chairman
Adams Drug

There is no question that there are substantial challenges in the year ahead. The competitive climate I don't think has ever been greater. Competition is coming from three specific areas. It's not only coming from within the chain drug industry, it's coming from the supermarkets and combo operators and the deep discounters.

All of this combined is putting pressure on the industry. It is making it more difficult to find locations and the overall competitive factors in the marketplace are putting a squeeze on profit margins.

Everybody has to be aware of the situation. There must be some type of focus in our strategic plans. We have to look at what's going to have the biggest effect on the bottom line. There must be a blend of the proper buying with thoughtful merchandising, along with a high level of customer service. This blend can be achieved, but it requires the very special attention of management to communicate these objectives to their people.

Exec shifts: both smooth and turbulent

The chain drug industry witnessed some major management shifts last year, not all of them smooth exchanges of managerial power.

There was, for example, the situation at Revco. The Board of Directors at the Twinsburg, Ohio-based chain, headed by Sid Dworkin, finally got fed up with the pot shots taken at the company by the heads of its Odd Lot subsidiary, Bernard Marden and Isaac Perlmutter.

Although the two execs held a 12% interest in the company as a result of Revco's Odd Lot buyout, they were fired and replaced by Leo Kaye and Stephen Adler. Kaye, who had been president at Americore Ltd., would later resign for personal reasons and be replaced by Peter J. Laitmon, a vp at Media General.

Also experiencing some turbulence in the executive suite was Gray Drug Fair. Last summer, Gray parent Sherwin-Williams named Mac Allen Culver president and general manager of the drug chain after an eight-month executive search.

Culver, who had been a senior vp at Pay Less and an expert in merchandising and distribution, stunned everyone when he suddenly resigned six months after his appointment and took a job as president of Pay 'n Save's Northwest drug division.

By all accounts, Sherwin-Williams was pleased with the job that Culver was doing; the resignation had more to do with Culver's wish to return to his home in the Northwest. Carl Bellini, group vp at Sherwin-Williams, was again pressed into service as president of Gray Drug Fair. Bellini had headed the chain during the eight months before the hiring of Culver.

Somewhat smoother was the transition at Jewel Cos. after its acquisition by American Stores. Warren Christopherson, chairman and ceo of Jewel, resigned just after the $1.2 billion deal was completed, but Jewel president Richard G. Cline took over as chairman and ceo to preside over the transition. He would later resign, but told Drug Store News: "The transition has gone very, very well."

There were other shifts that took place at the newly enlarged American Stores Co. in the wake of the acquisition. The most important of these was the quiet promotion of Osco Drug president Dick George to head up the Sav-On Drug operation. Larry LaRock, who had been president of Rea and Derick, American's Pennsylvania-based drug chain, was also moved to Sav-On to shore up that operation.

American plans to consolidate its drug divisions into a single national chain, and George is reportedly slated to head up that operation.

To replace LaRock at Rea and Derick, Peoples chose Jim Johnson as division president and chief operating officer and Jon E. Rudden as vp and general merchandise manager.

There were other major changes in drug chain executive suites during the year, including the following:

Sheldon (Bud) Fantle, president and ceo of Peoples Drug Stores, was named chairman of Peoples by Imasco Ltd., which had acquired the Alexandria, Va.-based chain earlier. Fantle, a 39-year industry veteran, was also named to Imasco's board.

Tom Field, president of American Stores, left American to become president of McKesson, replacing Thomas Drohan, who died. The move startled the industry, since Field was being touted as Sam Skaggs' heir apparent, but Field apparently had a timetable of his own for heading up a major corporation.

Larry Rogers, senior vp of Acme Markets, an American Stores subsidiary, was named president of Skaggs Alpha Beta, the fast-growing combination store division.

Jack Futterman, senior vp of the drug store division and general merchandise operations at Supermarkets General (Pathmark), was named president and ceo of drug stores and nonfoods division. The drug store division had been enlarged by the acquisition of Purity Supreme, which operated Pharmacity and Heartland drug operations.

Donald H. Benovitz was appointed president of Medi Mart, replacing Phil Hiscock, who went to Sav-A-Stop/Hanes D.S.D., the service merchandising company, as president. Benovitz had been vp of professional relations.

Jack Evans Jr. became president of Tom Thumb Page, replacing Tom Hairston, who was promoted to chief operating officer of the Cullum Companies, parent of Tom Thumb Page. Hairston took the spot of Jack Evans Sr., who was promoted to ceo of Cullum.

Micky Cole, a veteran at Perry Drug Stores, was named president of Perry's drug store division.

Other appointments included the following:

Peter M. Alexander was named chairman and ceo of B. H. Krueger, the manufacturing subsidiary of Peoples Drug Stores.

Al Travis was appointed vp of advertising at Fay's Drug Company.

1985 Annual Report of the Chain Drug Industry

PRODUCTS

New products, promos push up sales

New products and heavier promotional activity helped propel 1984 chain drug sales to $25.5 billion, 12% higher than in the previous year.

Among the leading product departments were pharmacy, toiletries, cosmetics, stationery and photo, all of which had growth rates higher than the industry as a whole.

What follows is a breakdown of those departments and how they performed last year.

Prescriptions—The number of scripts dispensed by chain drug stores increased almost 8%. That increase combined with higher pharmaceutical prices pushed up chain drug prescription sales to $6.7 billion in 1984. The price of the average script increased 65¢ to $11.25. Prescriptions now account for 26.4% of total chain drug sales.

Drugs/Proprietaries—The trend to more self-medication as well as the extensive promotion of new products were the biggest factors in an almost 13% increase in OTC/proprietary department sales last year. Some of the biggest category gains were generated by analgesics; cough/cold; eye care products; feminine hygiene and dental care. The success of heavily advertised Rx-to-OTC products, including two new branded ibuprofens, again contributed to the increase.

Toiletries—One of the hottest new product categories to emerge in years was responsible for at least part of the record sales registered in the toiletries department. Mousse went from nothing the previous year to $48 million in 1984 and succeeded in capturing 2% of all toiletries sales. Other strong gains were recorded in skin care; shampoos; body creams and lotions ethnic H&BA, and suntan/sun protection products

Cosmetics—Fragrances again were the dominant factor in chain drug cosmetics, capturing 31% of department sales and reaching $421.8 million in volume. Body sprays, a new subcategory within fragrances, generated $22.8 million in chain drug sales, almost 2% of the $1.35 billion cosmetics volume. Nail products also produced strong results, increasing 14% to $117 million and capturing almost 9% of sales.

Photo—With hefty gains in the film (especially still color) and film processing categories, chain drug photo sales increased more than 12% to $1.11 billion in 1984. Film is considered an especially important category, since it can generate three customer trips per roll—one to buy, one to drop off for processing and a third to pick up the results. Several chains experimented with one-hour turnaround on processing, but it remains to be seen whether the tests will grow into a full-blown trend.

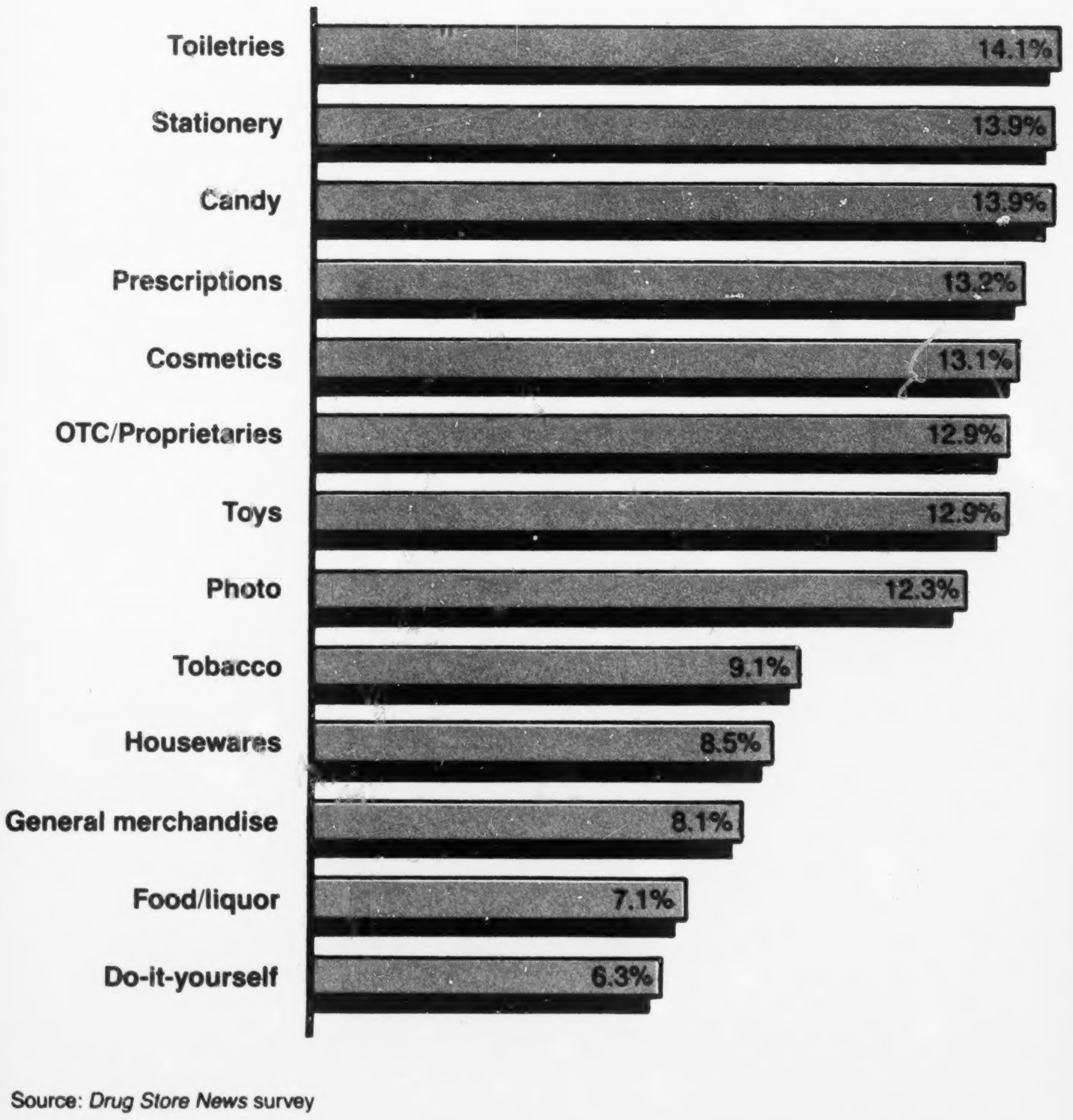
Breakout of 1984 chain drug sales

Department	Total chain drug $ volume	% of increase	% of total sales	Gross margins	Avg. no. of turns
Prescriptions	$6,733,210,000	+13.2	26.4	35%-40%	6.5
Drugs/proprietaries	3,594,736,000	+12.9	14.1	30%-35%	5.0
Toiletries	2,741,822,000	+14.1	10.7	25%-30%	5.0
Cosmetics	1,351,802,000	+13.1	5.3	35%-40%	2.2
Stationery	1,199,838,000	+13.9	4.7	40%-45%	4.5
Tobacco	1,979,327,000	+9.1	7.8	15%-20%	15.0
Candy	891,614,000	+13.9	3.5	25%-30%	5.5
Housewares	1,606,076,000	+8.5	6.3	35%-45%	3.0
Toys	671,588,000	+12.9	2.6	35%-40%	4.0
Photo	1,113,620,000	+12.3	4.4	20%-25%	9.0
General merchandise	1,336,923,000	+8.1	5.2	35%-45%	5.0
D-I-Y	420,126,000	+6.3	1.6	35%-45%	3.0
Grocery/liquor	1,208,584,000	+7.1	4.7	15%-20%	12.0
Misc./promotional	657,115,000	+13.2	2.6	15%-20%	N/A

Stationery—Nearly every segment of the stationery department recorded strong results as chain drug stationery

Continued on page 133

Toiletries leads in sales growth



Source: *Drug Store News* survey

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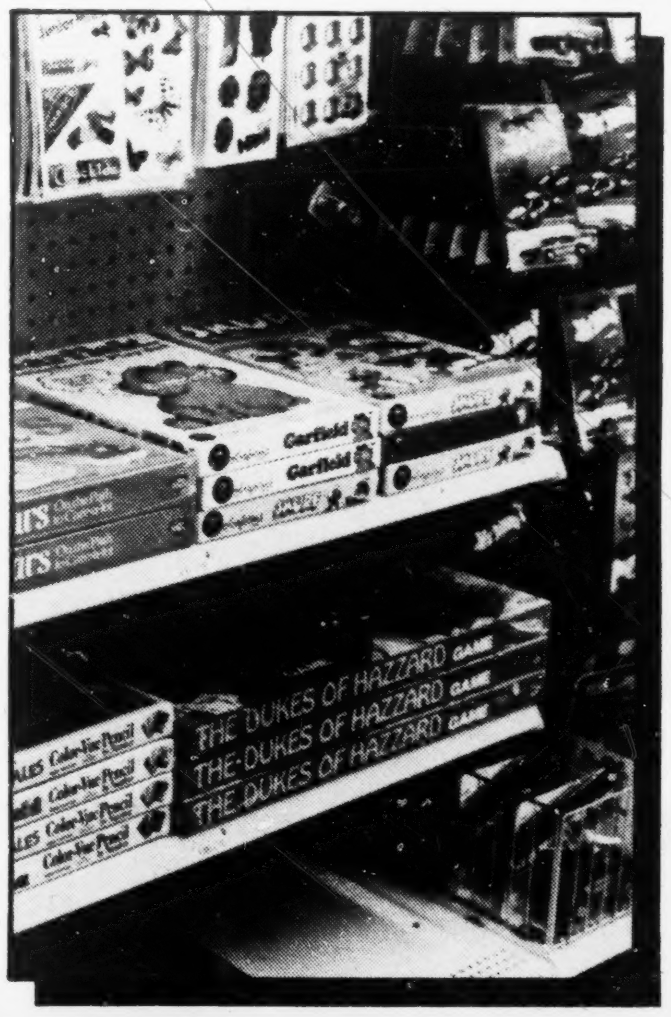
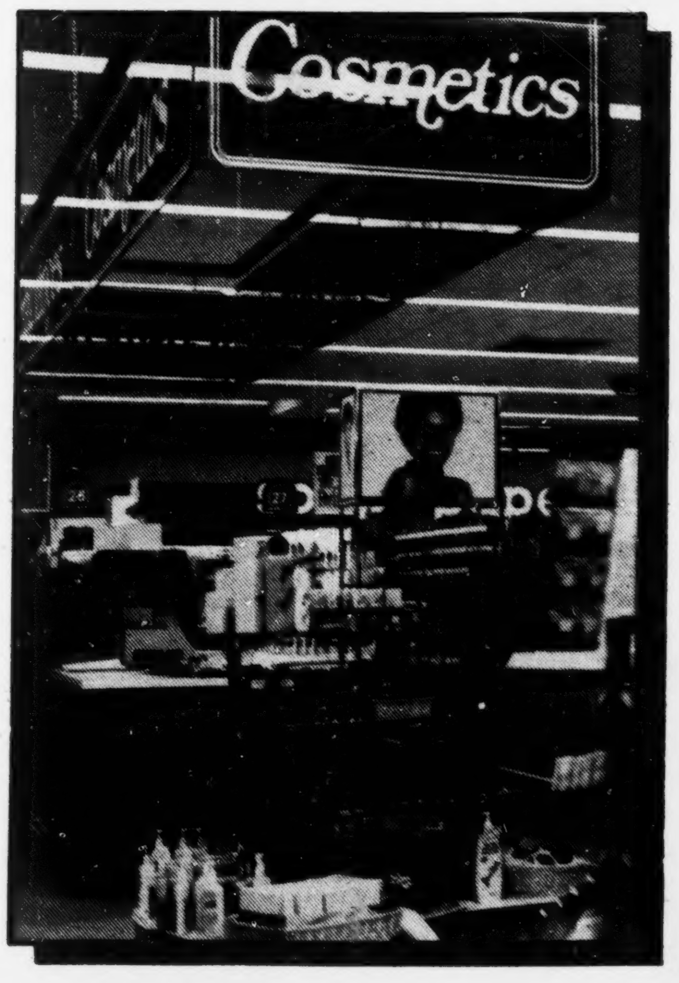




New products, promos

ontinued from page 124

sales increased 14% to nearly $1.2 billion. The biggest increase was generated by school and home office supplies, up 16% to $313 million. The expanding home office market was at least partly responsible for the hefty gain. Writing instruments were another strong gainer, rising 14% to $84.6 million.

General Merchandise—A slowdown in fourth-quarter general merchandise sales had a dampening effect on 1984's gm results, but the category still managed an 8.1% increase to $1.3 billion in chain drug sales. Some of the best results were registered by home electronics, watches and sunglasses.

Housewares—Small electrics scored the highest gains in the housewares department last year, rising 9.7% to $170 million. Space-saving appliances, which often carry higher price tags, were again hot tems. In the plastics and rub-er housewares category, ales were up 9.5% as manu-acturers cut prices and of-ered rebates. Overall, the ousewares department ac-ounted for $1.6 billion in hain drug sales, an increase f 8.5%.

Candy—Candy, the biggest mpulse department in chain drug stores, experienced one of the heftiest gains in 1984 sales, up 14% to $892 million. The sales increase was powered by heavier chain drug promotions, which were supported by generous advertising co-op dollars from major manufacturers.

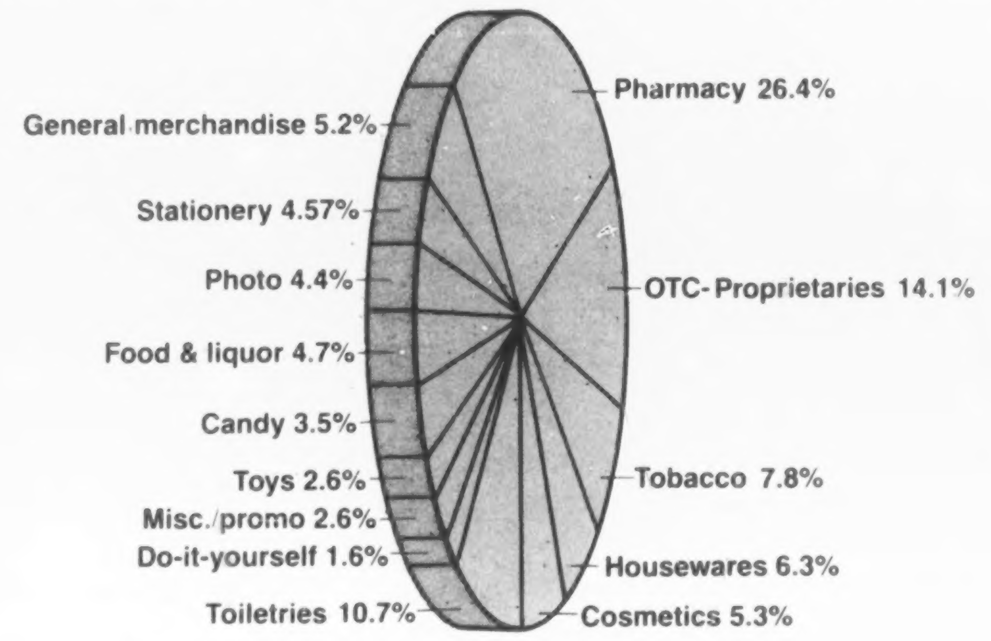
Food/liquor—Alcoholic beverages contributed the lion's share of this department, accounting for a total of $648 million in 1984. Another strong performer was soft drinks, which registered $172.3 million in chain drug sales, up 7.3%. Overall, the food and liquor department recorded a 7.1% sales increase to $1.2 billion—a flat performance compared to other departments.

Tobacco—Fast turns and hefty sales per square foot make this category one of the best roi contributors. Cigarettes are the dominant category, producing two-thirds of department sales of almost $2 billion, up 9% in 1984. Chain drug stores, with their sizable tobacco departments, remain one of the leading retailers of other types of tobacco products, including cigars, smokeless tobacco, pipe tobacco, lighters and accessories.

Toys—Riding the crest of a new products wave, chain drug toy sales grew by 13% last year to $671.5 million. Among the products that generated the sales increases were GoBots, Transformers, trivia games and Cabbage Patch dolls and all their accessories. Games were once again the leaders in this department with sales of 119 million.

Do-it-yourself—DIY sales were flat in 1984, registering only a 6% increase to $420 million. The automotive category was the biggest gainer in the department, with sales up 8.5% to $169 million. Hardware sales increased 5% to $188 million and paint and paint supplies 4% to $62 million. Motor oil remains one of the key promotional categories in the automotive

How sales are distributed in chain drug stores



Source: *Drug Store News* Survey

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Top 100 Business Magazines by Ad Revenue per Copy

54	Postgraduate Medicine	5.13
55	Research & Development	5.13
56	Advertising Age	5.05
57	Restaurant Hospitality	4.85
58	Modern Healthcare	4.79
59	Telephone Engnr. & Mgt.	4.73
60	Heavy Duty Trucking	4.72
61	Adweek	4.71
[redacted]	[redacted]	[redacted]
63	Packaging	4.61
64	Amer. Family Physician	4.60
65	Elec. Engineering Times	4.49

Top 80 Business Magazines by Circulation Revenue per Copy

52	Telephony	0.54
53	Chemical Week	0.50
54	Business Insurance	0.45
[redacted]	[redacted]	[redacted]
56	Successful Farming	0.45
57	ABA Journal	0.44
58	The High Plains Journal	0.43
59	Telephone Engnr. & Mgt.	0.42
60	HFD	0.41
61	Prairie Farmer	0.41
62	Wallace's Farmer	0.41
63	AMM	0.39

BEST AVAILABLE COPY

Chain script sales reach $6.7 billion

An increase in the average prescription price combined with a gain in the number of scripts helped push chain drug store prescription sales up 13% in 1984 to $6.7 billion.

Chains increased the number of scripts dispensed by almost eight percentage points, filling over 600 million in 1984, almost 40% of the total retail drug store market. About 5% of that gain was the result of an increase in the number of chain stores.

The average price of a prescription filled at a chain drug store was $11.25, representing a 65¢ jump in the average prescription price over a year ago.

While that represents a 7.6% increase, the percentage increase is almost two points lower than last year's.

One reason the price of prescriptions has risen at a slower rate is new substitution laws now mandated by many state Medicaid programs.

Some security analysts predict that generic sales will be responsible for almost two-thirds of all prescription drugs by 1988, almost triple the business they did in 1978.

Partly responsible for the generic surge is the new Generic Drug/Patent Restoration law of 1984. The law is a trade-off between extended patents for branded drugs approved between Jan. 1, 1982 and Sept. 24, 1984, and abbreviated new drug applications (ANDA) for companies wishing to manufacture generic equivalents of post-1962 branded drugs losing their patents.

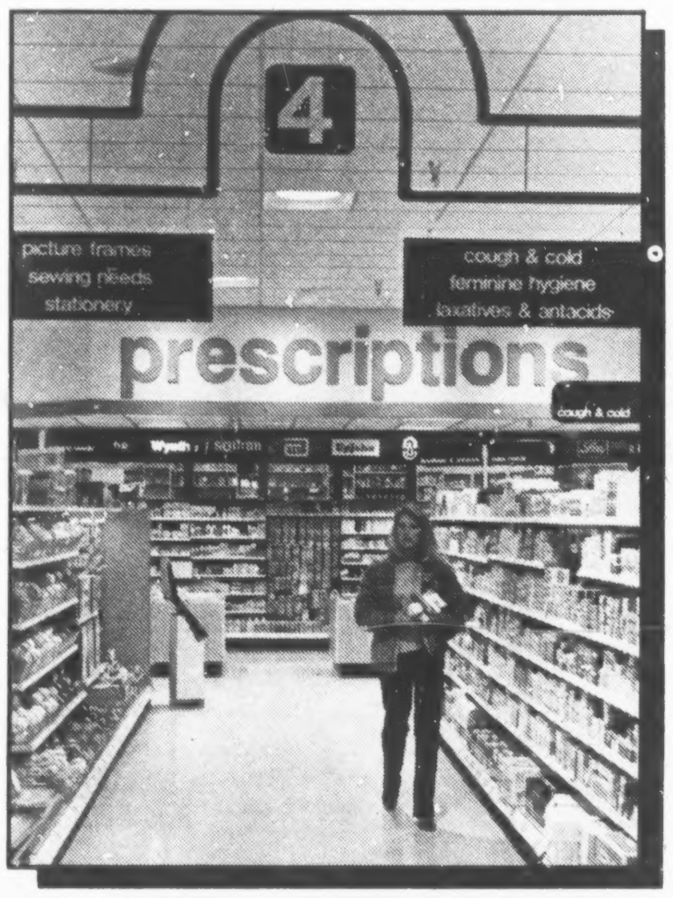
Generic manufacturers were quick to take advantage of the new law. On Nov. 26, the first day the ANDA bill went into effect, F.D.A.'s Generic Drug division recorded approximately 200 ANDA applications from approximately 15 to 20 manufacturers.

While generic manufacturers were positioning themselves in pharmacies across the country, at least 18 major branded pharmaceutical companies launched new products in 1984 hoping to stave off the wave of generics encroaching on their once-exclusive turfs.

Recognizing that generic substitution can lead to higher gross profits, several chains have begun to use generics to their marketing advantage. Several chains introduced programs that assure their customers that the generics they are dispensing are of the highest quality approved by a set chain standard.

Indeed, branded drug companies will have their hands full in the battle for continuing market dominance. Cost containment has become the buzzword of the 80's as third-party administrators join the bandwagon of cost-cutters, and every indication points to more and more generic substitution.

Wall Street analysts are estimating that the new generics will generate approximately $1 billion in sales by 1990 and could go as high as $4 billion by the end of this century.

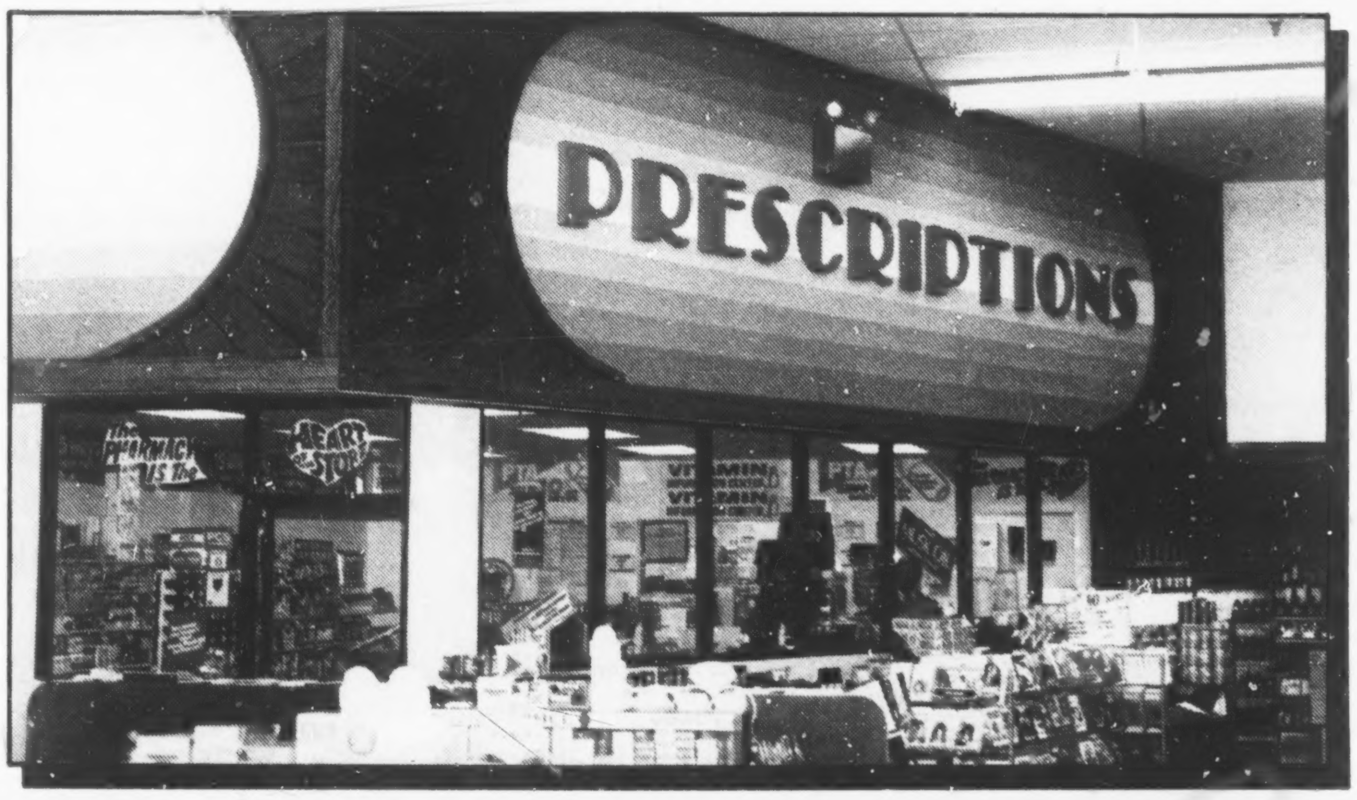


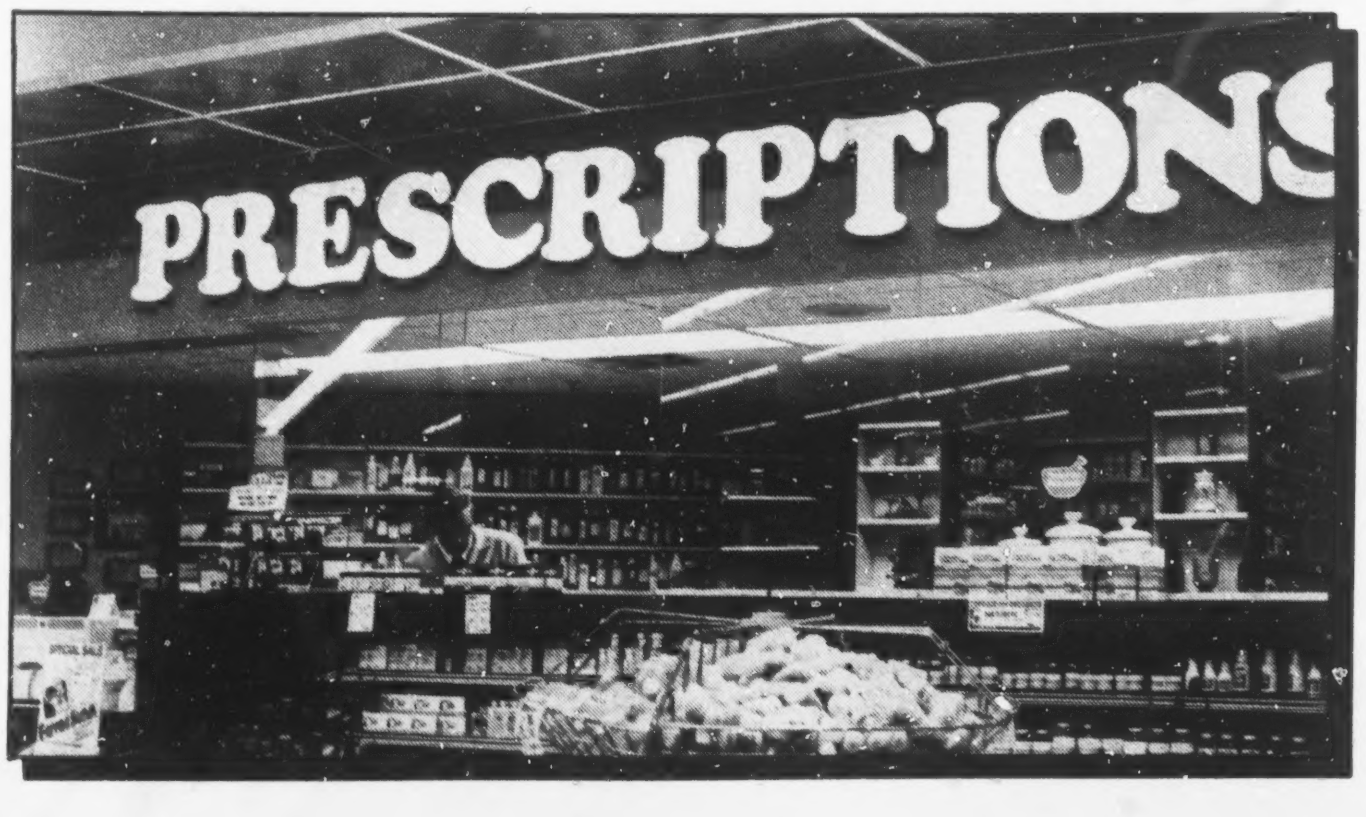
Prescription department summary

	1983	1984	% Change '83/'84
All drug stores			
Consumer sales ($ millions)	$16,330	$17,930	+9.80%
Scripts (millions)	1,512	1,542	+2.00
Average Rx price	10.80	11.62	+7.60
Scripts/store/year	30,081	30,408	+1.00
Stores	50,264	50,709	+0.09
Chain drug stores			
Consumer sales ($ millions)	$ 5,947	$ 6,733	+13.2%
Scripts (millions)	561	604	+ 7.6
Average Rx price	10.60	11.25	+ 6.1
Scripts/store/year	33,527	34,197	+ 2.0
Stores	16,733	17,677	+ 5.6

Source: *Drug Store News* survey

PRESCRIPTIONS





New drugs introduced in 1984

Brand name	Generic name	Manufacturer	Indication
Humulin N	Insulin	Lilly	Diabetic therapy
Lozol	Indiapamide	USV Labs.	Hypertension
Panadol with Cod.	Codeine Phosphate/ Acetaminophen	Winthrop	Analgesic
Sandimmune	Cyclosporine	Sandoz	Immunosuppressive
Nicorette Gum	Nicotine Resin Complex	Merrell Dow	Cigarette smoking deterrent
Azmacort Inhaler	Triamcinolone	Rorer	Bronchial asthma
Tri-Norinyl	Norethindrone/ Esthinyl Estradiol	Syntex	Oral contraceptive
Diabeta	Glyburide	Hoechst-Roussel	Diabetic therapy
Gentacidin	Gentamicin Sulfate	CooperVision	Eye infection
Micronase	Glyburide	Upjohn	Diabetic therapy
Glucotrol	Glipizide	Roerig	Diabetic therapy
Lotrisone	Clotrimazole/ Betamethasone	Schering	Antifungal
Theo-24	Anhydrous Theophylline	Searle	Bronchial asthma
Desc. 250	Amoxicillin/ Clavulanic Acid	Beecham	Antibiotic
Normodyne	Labetalol	Schering	Hypertension
Brethaire Aerosol	Terbutaline	Geigy	Broncho-spasm
Tenoretic	Atenolol/ Chlorthalidone	Stuart	Hypertension
Trandate	Labetalol	Glaxo	Hypertension

Chains cash in on home health boom

Escalation of the nation's health care bill fueled growth of the $6.3 billion home health care market in 1984.

By 1995, it is estimated that total health care spending will account for 13.6% of the gross national product, with home health care expanding to $24.8 billion.

Cashing in on the coming boom are a number of drug chains, which either opened new freestanding stores or expanded in-store departments. The list of companies in the market continues to grow, but some of the dominant players are Hook, Harco, Begley, Peoples, Walgreens and Eckerd.

While execs of chains that operate home health care centers agree that the campaign to shorten hospital stays and thus cut costs is responsible for the spurt in growth, they are quick to add that the greater life expectancy of Americans is also playing a major role.

The number of people over age 65, the fastest growing segment of the population, stands at greater than 27 million, up 43% over the past 16 years. It is projected that by 1995 this group will comprise 13% of the total population, reaching 34 million. Since the over-65 age group consumes twice as much health care as the population as a whole, the need for less costly home health care is clearly an imperative.

As health care continues to move into the home, the need for specialty equipment and services will also continue to grow.

According to Predicasts, a Cleveland-based market research firm, durable medical equipment accounts for the largest share of health equipment used in the home. Such items as hospital beds, wheelchairs, walkers, toilet items and traction equipment accounted for approximately $1 billion. Durable medical equipment is expected to show an 11.8% annual growth rate and should reach $1.8 billion by 1988.

One home health care item that all chains are cashing in on is incontinent products. Approximately eight million adults suffer from incontinence, creating a nearly $700 million market with expected growth from Predicasts projected to reach $1.9 billion by 1988.

In a report to the health care industry, Predicasts affirms that home care will grow at a greater rate than general health care expenditures.

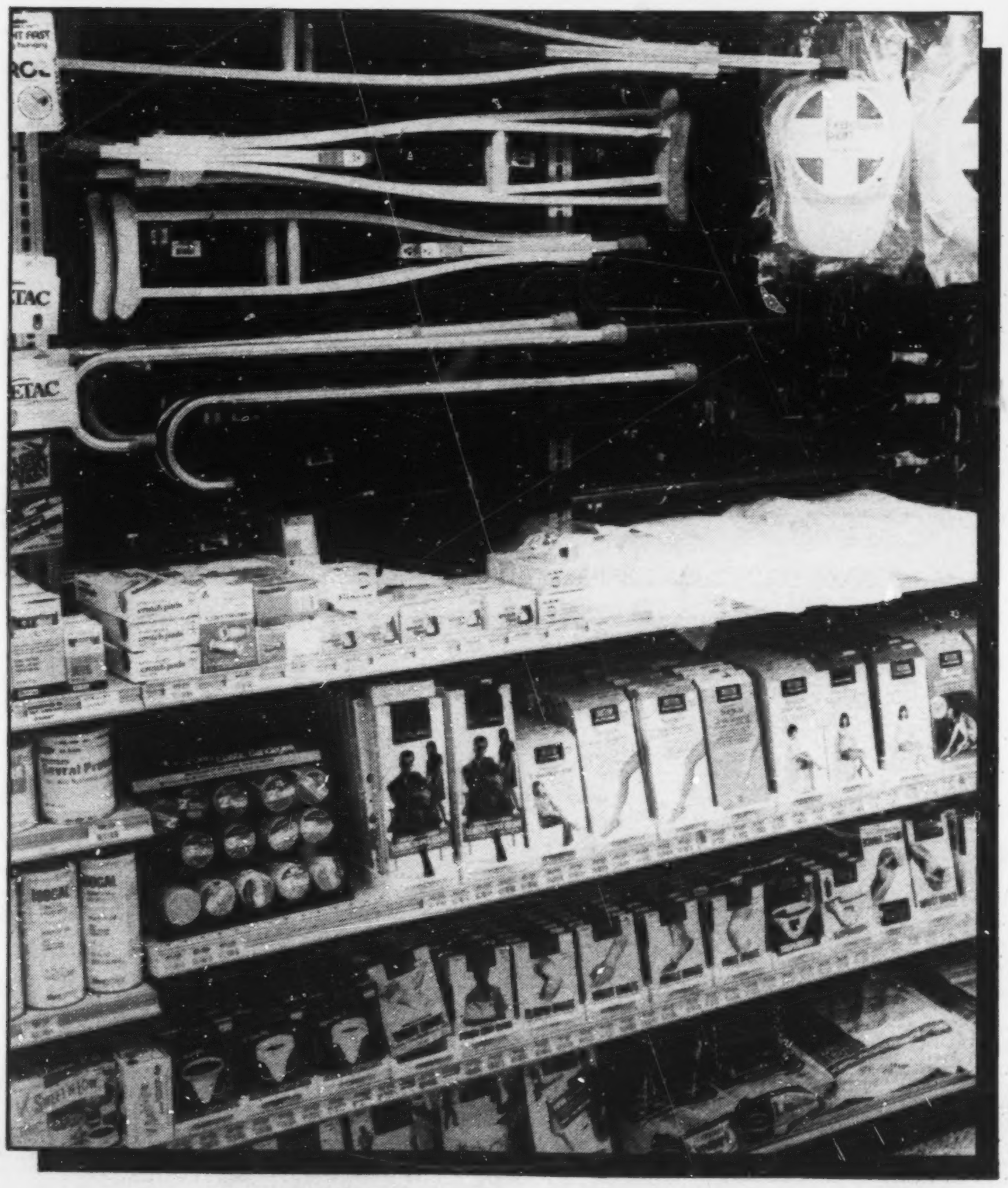
"If only 5% of the elderly were partaking of home care in 1995," the report says, "this would amount to an average patient expenditure of $14,618 a year or $40 a day. The potential for the home care market is scarcely being tapped."

Through all the good news, however, comes a word of caution from Teri Louden, president of Louden & Company, a Chicago-based health care consulting and information service.

"Such positive growth is also attracting new entrants and causing payors to more carefully scrutinize current reimbursement payments," said Louden. "The home care industry is sure to attract the attention of the regulators if the rest of the industry is any indication. Evaluating the market, the competition and your own competitive position are critical steps in planning future strategies."

Chains expand into home health care

	Headquarters	*No. of Ctrs.*
Hook Drugs Inc.	Indianapolis	14
Harco Drug Inc.	Northport, Ala.	9
Jack Eckerd Corp.	Largo, Fla.	6
Begley Drug Stores Inc.	Richmond, Ky.	5
Shoppers Drug Mart	Toronto	5
Peoples Drug Stores Inc.	Alexandria, Va.	4
LaVerdiere's	Winslow, Me.	3
The Walgreen Co.	Deerfield, Ill.	3
Big B Inc.	Birmingham, Ala.	2
Genovese Drug Stores Inc.	Melville, N.Y.	2
Arthur Drug Stores Inc.	Hartford	1
Happy Harry's Pharmacies	Newark, Del.	1
Keystone Drugs	Omaha	1
Medicare-Glaser Corp.	St. Louis	1
Sentry Drug Stores	Romulus, Mich.	1
Perry Drug Stores Inc.	Pontiac, Mich.	1
Tiffany Davis Drug Co.	Eugene, Ore.	1
White Drug Enterprises	Jamestown, N.D.	1



AMBULATORY AIDS
SKIN CARE
CERVICAL PILLOWS
CUSHIONS

OTC comprises 14% of drug chain sales

Outside of the prescription department, consumer purchases of proprietary products contributed the highest percentage of chain drug store sales in 1984.

Sales of proprietaries accounted for 14% of chain sales, while the category recorded an almost 13% gain over a year ago.

Much of the increase can be credited to the trend toward greater self-medication and extensive promotion of new products.

According to one study done by Harry Heller Research Corp., proprietary products are used to treat 35% of temporary medical problems such as coughs, colds, sore throats, allergy symptoms and minor pain. While 9% of these problems were taken to a doctor, 11% of the patients used prescription medication already in their home. The remaining either used home remedies or did not treat the condition at all.

The average American suffers a potentially self-treatable health problem once every three days. Among the major ailments most likely to be treated with OTC medications are the common cold, fever and minor aches and pains.

Within the total category, cough and cold products contributed the greatest share of sales (15%), while analgesics and vitamins each accounted for about 10%.

Helping fuel the growth of cough/cold and analgesics was the success of the heavily advertised Rx-to-OTC switched products.

Last year, for example, the F.D.A. approved ibuprofen, a proven and effective prescription product long used to treat arthritis pain, for over-the-counter sale.

Some consumers with prescriptions for Motrin or Rufen, the branded versions of ibuprofen, opted to purchase the readily available, if less potent, OTC product, even though the OTC version has not been indicated for arthritis pain.

The only drawback to the OTC ibuprofens was the package warning to aspirin-sensitive individuals not to take the product. As a result, acetaminophen OTC product sales suffered little from the new kid on the block, and the analgesic category as a whole increased a whopping 17%.

Vitamins and nutritionals also had an excellent year, spurred by both the national emphasis on fitness and the promotional firepower used by the chains to boost sales.

While there were few new vitamin entries, retailers said the 14% sales gain was due in large part to vigorous advertising for perennial branded best sellers and a special emphasis on the importance of calcium products to women.

But favorite among drug retailers is still private label. Store brands can yield gross margins up to 60% while developing store loyalty. In most chains, private-label vitamins account for almost three-quarters of total category volume.

New product introductions in 1984 also contributed to increased sales in eye care, dental care and family planning categories.

As fittings for new contact lenses continued to increase, so did the need for cleansing solutions. Manufacturers alloted more money for advertising in their 1984 budgets in the hope of persuading consumers to change their choice of lens care solutions. The year also saw the introduction of rigid gas permeable lenses and a whole new solution line to accompany them.

The eye care/lens care category enjoyed an almost 15% increase over last year and contributed 4% to the total proprietary department's sales.

The big news in dental care was the success of the toothpaste pump and the introduction of antiplaque campaigns for toothpastes and mouthwashes.

The combination pushed 1984 sales up almost 14%, and the category accounted for 10% of proprietary department sales.

With the introduction of the sponge accompanied by new douche and spermicidal products, feminine hygiene and family planning categories reached new highs. Combined, they accounted for 9% of total proprietary department volume, with each category's sales up almost 16%.

1984 Proprietaries department productivity

	Total sales (add 000)	% of increase	% of dept. sales
Analgesics	$364,190	16.8%	10.1%
Vitamins/nutritionals	368,998	14.4	10.3
Cough/cold (Tabs/caps/loz.)	315,203	16.5	8.8
Cough/cold (liquids)	221,825	14.3	6.2
Antacids	215,902	8.7	6.0
Laxatives	231,009	5.2	6.4
Diet aids	90,444	7.5	2.5
Eye/lens care	154,602	15.6	4.3
Asthma inhalers/tabs/liq.	13,505	8.1	0.4
First aid products	208,925	7.9	5.8
Wets and dries	26,970	7.8	0.8
Feminine hygiene	180,141	16.0	5.0
Family planning	149,821	15.2	4.2
Acne preparations	63,517	5.8	1.8
Sleeping aids	27,498	9.8	0.8
Antidiarrheal/antinausea	65,474	6.8	1.8
Dental care	354,027	15.8	9.8
Baby needs	310,489	12.8	8.6
Footcare	146,090	12.2	4.1
Home health care	54,837	17.3	1.5
Miscellaneous	31,204	5.7	0.9

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Ecotrin

REMEDIES
TYLENOL

1.29
1.79
1.49
2.69
1.79
2.49

1984 Proprietaries department highlights

Chain drug Proprietaries sales	*$3,594,736,000*
1984 percentage increase	*12.9%*
Percentage of total chain drug sales	*14.1%*
Typical gross margins	*30% to 35%*
Industry gross profit yield from Proprietaries last year	*$1,080-$1,260,000,000*
Average no. of annual dept. turns	*5*

Aggressive promos boost cosmetics

Efforts to boost cosmetics sales in 1984 paid off handsomely: Drug chain sales soared 13% to $1.4 billion—the highest increase in this category in six years.

Drug chains were able to register this whopping increase by upgrading product mix, aggressively promoting their broad selection of cosmetics and improving inventory. And during the past year, drug chains continued to lure cosmetics shoppers away from mass merchandisers, food stores, as well as department stores by such successful ploys as coupon books, glossy catalogs and sweepstakes.

Overall, cosmetics sales accounted for 5.3% of total drug chain sales, a slight increase over 1983.

The biggest sales increase in the cosmetics department came from fragrances. This category registered a thumping 18.7% increase, bringing in $421.8 million in total sales. That substantial gain was sparked by the inclusion of body sprays for the first time as a category. The sprays made a big splash in 1984, capturing $22.8 million in sales.

Altogether, fragrances—toilet water/cologne, perfumes and body sprays—accounted for nearly one-third of the sales in the cosmetics department.

The big success story in 1984 was the introduction of Charles of the Ritz's Forever Krystle and Houbigant's Lutece. Many chains reported sizzling sales of these scents, particularly during the Christmas season. Mass and dual distribution fragrances, such as Vanderbilt and Le Jardin, also accounted for big gains. And the musk marketers also enjoyed a successful year in the chains with such popular brands as Jovan, Coty and Prince Matchabelli.

Prestige, often diverted, fragrances continued to spark strong chain sales in 1984. Big sellers include Chloe, Anais Anais, Halston, L'Air du Temps, Polo, Aramis and Lauren.

Body sprays accounted for nearly 2% of the sales in fragrances. The major brands, Body Flowers and Impulse, showed strong sales in 1984. According to some retailers, however, this category may be flattening out because of too many new introductions.

The second most successful performer in the cosmetics category was nail care, up 14% to $117.5 million. This category benefited from the introduction of professional nail products and also from special store events promoting these products. Chains such as Longs also extended their nail sections. And the late introduction of the phenomenally successful Aziza nail polish pen added an extra punch to this category.

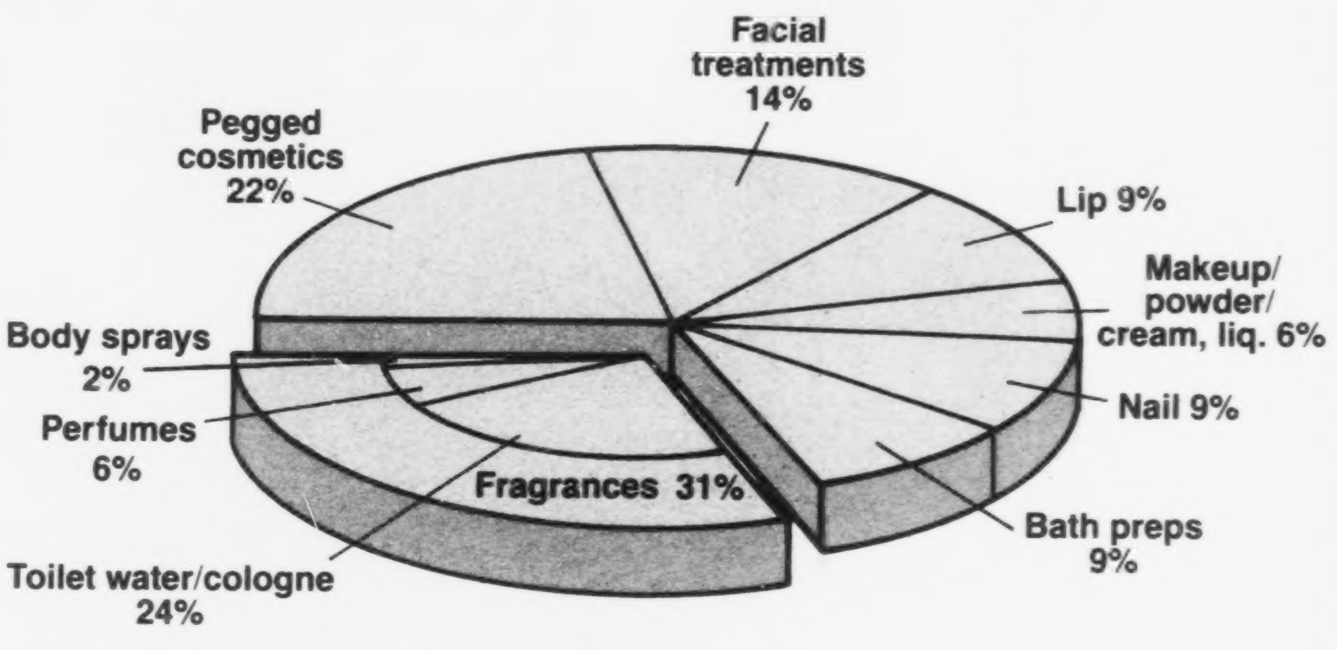
Upscaling in pegged cosmetics had a big impact in 1984. Sales increased 11.9% to $298.9 million, accounting for 22.1% of all cosmetics sales. Better fixtures and coupon book sales promoting entire lines of pegged brands helped propel sales in this category. For example, some chains discounted Maybelline 25% and L'Oreal 20%. And chains such as Perry and Pay 'n Save, for example, enacted overall discount programs on all pegged brands.

The bath also showed a sales upsurge in 1984. Bath preps rose 10.6% to $122.6 million. Higher-ticket items such as Vitabath proved a hit. Bath preps also moved with such products as Chesebrough Pond's Musk Bath Beads and Calgon's Oriental Bouquet.

Earlier in the year, new lip colors and lip repairs registered strong sales in the chains, but the category began to flatten out by the end of the year. Still, sales in this category were up 8.3% to $118 million.

Facial treatments held steady in 1984. Sales rose 9.7% to $192 million, accounting for 14.2% of sales in the cosmetics department. This category could use some extra pizzazz in 1985.

Fragrances grab 31% of cosmetics sales



Source: *Drug Store News*

1984 Cosmetics department highlights

Chain drug Cosmetics sales	*$1,351,802,000*
1984 percentage increase	*13.1%*
Percentage of total chain drug sales	*5.3%*
Typical gross margins	*30% to 40%*
Industry gross profit yield from Cosmetics last year	*$405-$540,000,000*
Average no. of annual dept. turns	*2.2*

REVLON
LIPQUENCHERS
COSMETICS

1984 Cosmetics department productivity

	Total sales (add 000)	% of increase	% of dept. sales
Fragrances	$421,804	18.7%	31.2%
Toilet water/cologne	322,848	12.1	23.9
Perfumes	76,124	13.0	5.6
Body sprays	22,832	N.A.	1.7
Pegged cosmetics	298,872	11.9	22.1
Facial treatments	192,309	9.7	14.2
Bath preps	122,599	10.6	9.1
Lipstick/lip color	118,018	8.3	8.7
Nail Polish/nail preps	117,457	14.0	8.7
Makeup, powder, cream/liq.	80,743	8.2	6.0

Toiletry scores biggest dept. gain in '84

Toiletry sales took off in 1984. Chain drug sales in the category rocketed 14.1% to top $2.7 billion.

Overall, the increase in toiletry sales was higher than that generated by any other department. And in 1984, almost every toiletry category produced a substantial increase in sales over 1983.

The toiletry department accounted for 10.7% of total 1984 drug chain sales volume, and it was the third leading category in chains last year.

The substantial increase in toiletry sales was sparked in part by the emergence of a new powerhouse category—mousse—which captured $47.9 million in sales. As the biggest news in hair care in 1984, this category generated nearly 2% of the sales in toiletries.

Although the mousse market may hit nearly $100 million in 1985, some buyers are concerned that the category is approaching saturation. Already there are about 10 brands of mousse on the market. Another new entry will be Jhirmack, which will launch a new line of professional styling mousses in May 1985. How many more sku's can the shelves hold?

Ethnic health & beauty aids was also one of the hottest categories in toiletries last year. Sales soared 16.8% to $178.4 million, the highest dollar volume this category has ever generated. That substantial gain was spurred by drug retailers' increasing commitment to this category.

More retailers, for example, added space and sku's to their ethnic sections last year, and some major chains began promoting ethnic products on a chain-wide basis. Additionally, some major wholesalers even offered specialized planograms to their customers. The result of all this activity: improved merchandising of ethnic mix and soaring sales.

The second biggest performer in the toiletry department was shampoos, up 13.6% to $295.5 million. Altogether, this category accounted for nearly 11% of the total sales volume in the department last year. Sales were boosted by a flurry of new introductions that were backed by hefty advertising budgets.

Suntan/sunburn products continued to spark strong chain sales in 1984. Sales increased 13.9% to $128 million, generating nearly 5% of toiletry sales volume. Sales were propelled by a number of new introductions, including several high SPF sunscreens that proved a big hit. The sunscreen segment will continue to grow in 1985 as more consumers become concerned about sun-induced skin cancer, according to most retailers.

Another very successful performer in the toiletry department was handcream and skincare, up 15% to $330.5 million. This category now accounts for about 12% of the total sales volume in toiletries and is the largest contributor to chain toiletry sales.

Body creams and lotions also showed an impressive upsurge in 1984. Sales soared 13.3% to $126.7 million.

Deodorant sales increased dramatically in 1984. Sales rose nearly 12% to $316.5 million. This category, which generates an 11.5% share, is the second biggest component of toiletries.

Nineteen eighty-four was also a good year for hair color, up 12.9% to $260.1 million. Altogether, hair color produces nearly 10% of chain toiletry sales. It was a similar story with hair sprays, as sales rose nearly 12% to $102.4 million.

Razors, including disposable blades, also did well in 1984. Sales rose 12% to $128.7 million. To go along with the rise in razor sales, shaving creams increased 10.8% over 1983 to $39.4 million.

However, sales of products for the rest of a man's needs did not fare so well. Men's toiletries held steady at a 9.1% increase to $301.4 million. It seems that the industry still needs some exciting new marketing strategies to entice men into the stores.

Perms and straighteners' sales continued to flatten out in 1984, rising 9.8% to $22.8 million. However, the perm business is steady and chains still dominate the market.

Hair notions also flattened out in 1984, rising only 8% to $101.1 million. Although this category does not generate huge sales, it does produce steady volume year after year. The same holds true for depilatories. Sales rose 7.6% to $9.8 million. This category may be on an upsurge in 1985 as new launches spark sales.

1984 Toiletries department productivity

	Total sales (add 000)	*% of increase*	*% of dept. sales*
Handcream/skin care	$330,485	15.1%	12.1%
Deodorants	316,548	12.0	11.5
Men's toiletries	301,396	9.1	11.0
Shampoos	295,511	13.6	10.8
Hair color	260,081	12.9	9.5
Rinses & conditioners	183,622	10.9	6.7
Body creams & lotions	126,731	13.3	4.6
Ethnic	178,432	16.8	6.5
Hair notions	101,111	8.1	3.7
Razors/incl. disp. blades	128,703	12.0	4.7
Hair sprays	102,350	11.8	3.7
Suntan/sunburn	128,065	13.9	4.7
Shave creams	39,371	10.8	1.4
Mousse/styling gels	47,861	N.A.	1.7
Perms/straighteners	22,847	9.8	0.8
Depilatories	9,750	7.6	0.4
Miscellaneous	168,958	6.1	6.2

SEA
&SKI
The dark tan in town

1984 Toiletries department highlights

Chain drug Toiletries sales	*$2,741,822,000*
1984 percentage increase	*14.1%*
Percentage of total chain drug sales	*10.7%*
Typical gross margins	*25% to 30%*
Industry gross profit yield from Toiletries last year	*$685-$825,000,000*
Average no. of annual dept. turns	*5*

Stationery writes 'exceptional' gains

Chain drug stationery departments turned in an exceptional performance last year as sales soared 13.9% to nearly $1.2 billion.

Even more satisfying to retailers was the fact that nearly every major component of the drug store stationery department registered strong increases.

School and home office supplies turned in the largest increase as sales rose 15.5% to $313.4 million. Although some of the increase was due to substantially higher paper prices, retailers still enjoyed a banner year in back-to-school sales. Home and office also showed steady gains as retailers captured a larger share of the expanding home office market.

The other major element of the school and home office mix that scored well last year were writing instruments. Sales were up 14% to $84.6 million.

Retailers say the writing instrument category has been bolstered by new pen introductions, as well as greater market penetration by many of the imported pen lines.

Chain drug stores experienced another impressive year with greeting cards. Sales of greeting cards rose 14.8% to $405.3 million. Greeting cards accounted for nearly 34% of the stationery department sales last year.

There are several reasons for the substantial run-up in greeting card sales. Competition from other retail channels, principally discount stores and supermarkets, has forced drug retailers to upgrade their departments in order to retain market share. Several chains have expanded the departments and moved them to higher-traffic locations.

At the same time, drug store greeting card departments are generating more sales per square foot because of improved fixtures and more sophisticated inventory control systems. Eckerd Drug, for instance, last year expanded its test of electronic ordering to more than 400 drug stores.

Consumers are also trading up to higher-priced greeting cards. New card designs such as those featuring holographic images are commanding much higher price points. Musical greeting cards, some of which sold for more than $5, created an entirely new market for high tech greeting cards.

Although licensing was less of a force in the school supply market last year, it remains a strong contributor to greeting cards sales. All of the major greeting cards suppliers strengthened their stable of licensed cards last year.

Licensing also helped boost gift wrap sales, which advanced 13.2% to $74.4 million. Retailers also reported that sales of the high-end gift wraps were strong last year.

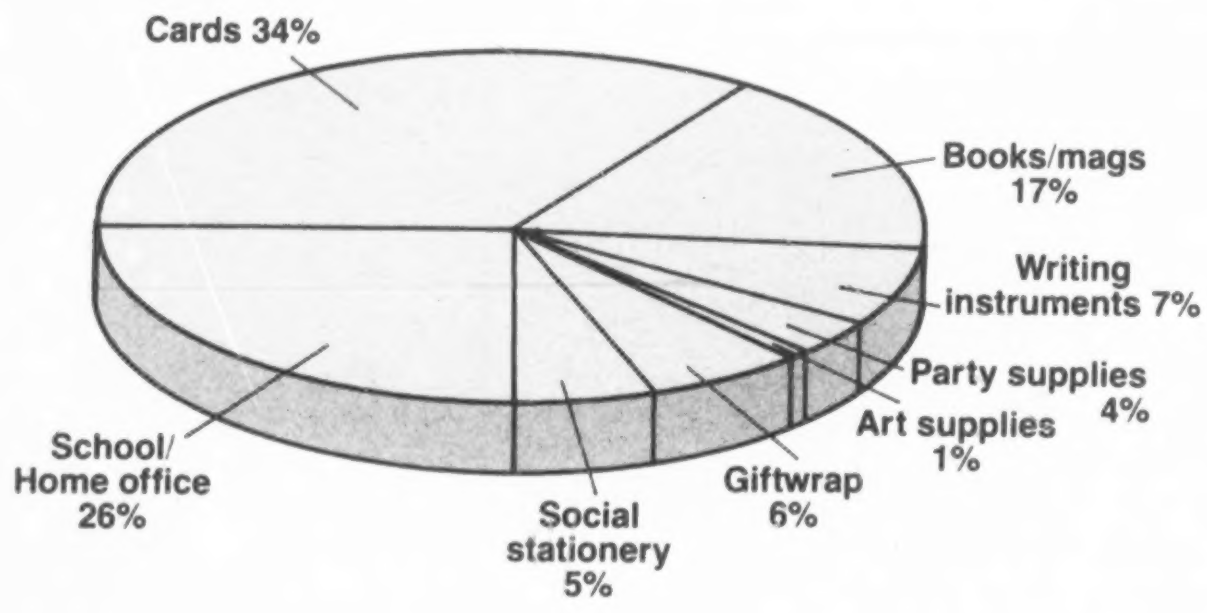
A number of chains including Pathmark expanded hardcover book departments, pushing overall book and magazine department sales up 11.9% to $207.5 million. A survey conducted last year of chain drug buyers revealed that 81% of the respondents increased book and magazine departments during the past five years. Nearly 55% said they planned to increase their space allocations to the books and magazine category in the next five years.

With more at-home entertaining taking place, drug chains recorded a 12.2% sales increase in disposables/party supplies to $44.2 million.

1984 Stationery department highlights

Chain drug Stationery sales	*$1,199,838,000*
1984 percentage increase	*13.9%*
Percentage of total chain drug sales	*4.7%*
Typical gross margins	*40% to 45%*
Industry gross profit yield from Stationery last year	*$480-$540,000,000*
Average no. of annual dept. turns	*4.5*

Greeting cards lead stationery dept.



Source: *Drug Store News*

PAPER MATE
Parker
uni-ball
PILOT
FLAIR
SHEAFFER

FAMILY READING CENTER
SPECIAL INTERESTS
GOOD READING FOR FAMILY

1984 Stationery department productivity

	Total sales (add 000)	% of increase	% of dept. sales
Cards	$405,293	14.9%	33.8%
School, home/office	313,382	15.5	26.1
Books and magazines	207,531	12.0	17.3
Writing instruments	84,630	14.2	7.1
Social stationery	60,252	9.6	5.0
Gift wrap	74,463	13.2	6.2
Disposables/party supplies	44,186	12.2	3.7
Art supplies	10,101	5.2	0.8

One-stop trend boosts drink, snack sales

Total sales for liquor and food topped $1.2 billion last year, an increase of 7.1% over 1983. Overall, food, liquor and soft drinks accounted for 4.7% of total 1984 chain-drug-sales volume.

The lure of one-stop shopping convenience helped boost sales in one of the largest traffic draws in this department—liquor and wine. Sales in this category jumped 7.1% to $568.5 million.

Moreover, the liquor and wine category alone generated nearly half of 1984's total sales volume in the food and liquor department. The category also benefited from introduction of wine coolers, a new item in 1984 that produced strong sales in many chain drug stores.

Nineteen hundred eighty-four was also a big year for another alcoholic beverage—beer. Sales in this category rose 8.9% to $89.5 million. The nearly 9% increase in beer sales over 1983 was larger than that generated by any other segment of the food and liquor department. Beer accounted for 6.6% of the department's sales last year.

Altogether, alcoholic beverages—liquor, wine and beer—brought in $648 million in 1984. Considering that some states do not permit the sale of alcoholic beverages in drug stores, that total is even more impressive.

Although typical gross margins for alcoholic beverages are only 15% to 20%, the average number of turns can range from an industry average of nine to 10 to as high as 40 to 60. The number of turns depends on a chain's pricing-merchandising strategies and its ability to advertise the beverages. According to some retailers, beer and liquor sales would skyrocket if state laws prohibiting the sale of those drinks were lifted.

The second biggest performer in the liquor and food department came from another thirst quencher—soft drinks. In 1984, this category registered $172.2 million in sales for chain drug stores. Sales increased 7.3% over the previous year and generated 14.2% of the total 1984 drug chain sales in the food and liquor department.

As with alcoholic beverages, case-stacked soft drinks are excellent traffic builders in chain drug stores. Last year, many chains also installed permanent soft drink sections, which helped boost sales in this category.

The upward trend in snack food such as chips, crackers and cookies continued in 1984. These largely unplanned purchase items produced a 7.5% increase over 1983.

Sales in snack food rose to $89.5 million in 1984, generating 7.4% of the total sales volume in the food and liquor department. One snack food that propelled sales in this category was the soft-baked cookie, which a number of manufacturers introduced last year. Soft-cookie lines, according to buyers, were one of the hottest items in convenience food departments last year.

Another strong category in 1984 was nuts, up 6.9% to $98.2 million. Nuts contributed 8.2% of the total sales in the food and liquor department.

Canned goods and condiments held steady in 1984, rising 6.1% to $55.2 million. Despite flat sales, the category still produced 4.6% of the sales in the food and liquor department.

Another category that held steady in 1984 was dry groceries. Last year dry groceries brought in sales of $47.9 million, an increase of 7.4% over the previous year.

Although interest in full-line convenience food stores may be waning, chains such as Perry report strong food sales, especially in markets where there are no large food stores. Indeed, more chains may enlarge their food selections in those markets where there is little competition from supermarkets and grocery stores.

1984 Liquor/Food department productivity

	Total sales (add 000)	% of increase	% of dept. sales
Liquor/wine	$568,455	7.1%	47.0%
Soft drinks	172,198	7.3	14.2
Nuts	98,161	6.9	8.1
Snacks/cookies	89,467	7.5	7.4
Beer	79,480	8.9	6.6
Canned goods/condiments	55,165	6.1	4.6
Dry groceries	47,927	7.4	4.0
Other foods	97,732	6.1	8.1

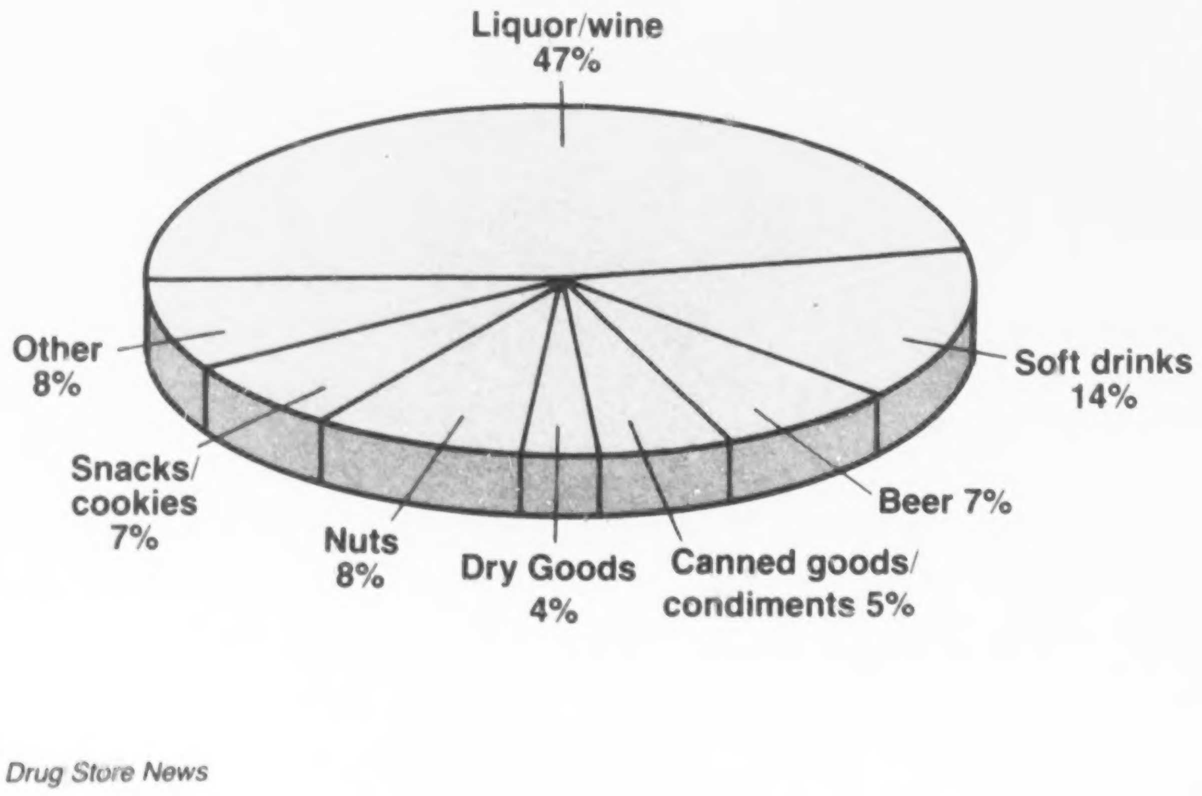
SINGLES ← DO NOT BREAK OPEN SIX PACKS
CALIFORNIA COOLER
CALIFORNIA COOLER
STRAWBERRY Wine Cooler

1984 Food/Liquor department highlights

Chain drug Food/Liquor sales	*$1,208,584,000*
1984 percentage increase	*7.1%*
Percentage of total chain drug sales	*4.7%*
Typical gross margins	*15% to 20%*
Industry gross profit yield from Food/Liquor last year	*$180,-$240,000,000*
Average no. of annual dept. turns	*12*

Beer Wine
2.99
PEPSI-CO
12 CAN PACK

Liquor/wine holds dominant share



Source: *Drug Store News*

1984 Housewares department productivity

	Total sales (add 000)	*% of increase*	*% of dept. sales*
Plastic and rubber	$364,660	9.5%	22.7%
Household supplies	211,819	9.0	13.2
Small electrics	186,783	9.7	11.6
Glass/dishware/cookware	175,394	7.5	10.9
Paper products	137,510	7.3	8.6
House & kitchen gadgets/gourmet	105,789	8.5	6.6
Lighting	84,000	8.8	5.2
Picture frames/mirrors	65,781	7.5	4.1
Insecticides	57,589	7.5	3.6
Furniture	49,586	8.2	3.1
Plant/plant care	45,451	8.0	2.8
Bath/closet	32,645	8.3	2.0
Shoe care	20,436	6.7	1.3
Miscellaneous	68,633	6.5	4.3

Baker's Secret

GOOD VALUE
ANGLER
BEGINNING METRICS

1984 Housewares department highlights

Chain drug Housewares sales	***$1,606,076,000***
1984 percentage increase	***8.5%***
Percentage of total chain drug sales	***6.3%***
Typical gross margins	***35% to 45%***
Industry gross profit yield from Housewares last year	***$560-$720,000,000***
Average no. of annual dept. turns	***3***

Small electrics lead in housewares dept.

Chain drug retailers' efforts to build sales in the housewares category paid off last year as sales advanced 8.5% to $1.6 billion.

Drug stores placed a greater emphasis on housewares because the category's higher profit margins have helped offset eroding margins in some of the health & beauty aids categories.

Chains recorded a 9.5% increase in the plastics and rubber housewares category as manufacturers price cuts and rebates sparked a resurgence of sales. Plastic and rubber products accounted for nearly 23% of the department sales, or $364.6 million.

Small electrics scored the biggest gains in the housewares category last year. Sales rose 9.7% to $170.2 million.

Many of the consumers who replaced items such as can openers, coffeemakers, blenders, toaster ovens and irons traded up to higher-priced products. Space-saving appliances, which frequently carry higher price tags, were again in hot demand in 1984.

In addition, a number of chains, including Page Drugs and Pay Less NW, managed to cash in on the microwave oven craze. Last year, industrywide unit sales reached eight million.

For those chains that found price points in the microwave category to be prohibitive, there was the microwave accessory category. Once strictly an in-out promotional item, microwave accessories have become everyday items in many housewares departments.

Kitchen gadgets remained an integral part of the department last year. In addition to selling many of the high margin, fast-turning, pegged gadgetry, many chains were able to move into some of the pricey gourmet accessories. Overall, kitchen gadget sales increased 8.5% to $105.8 million.

Many chains increased the visibility of their lighting products last year. And the results were encouraging: Volume picked up 8.8% to $84 million. The highly profitable lighting products category chipped in 5.2% to total department sales.

The glass/dishware/cookware category performed steadily last year as sales rose 7.4% to $175.4 million. The category, measured collectively, contributed nearly 11% to total department sales.

Consumers seeking relief from cramped closets and cabinets pushed sales in the storage device category up substantially. Sales increased 8.3% to $30.1 million in the bath and closet category.

Sales of indoor/outdoor furniture also turned in a good performance in 1984 as volume was up 8.2% to $45.8 million.

Despite fierce competition from discounters and supermarkets, drug stores still managed to keep sales in the household supplies and paper products category growing at a good clip. Household supplies, which account for 13.2% of the total department sales, posted an increase of 8.9% to $200.3 million. The much-promoted paper products posted an increase of 7.3% to $137.5 million.

Photo processing ups customer traffic

The growing popularity of 35mm cameras and films, as well as drug chains' eagerness to promote film processing, translated into another banner year for the chain drug photo department.

With an increase of 12% in 1984, photo department sales reached $1.1 billion and accounted for 4.4% of the total sales of a typical store.

Management's eagerness to promote film and film processing is easily explained. First of all, the combination of the two account for almost 70% of the department's sales. Second, the margins on these items average close to 25% and third, each roll of film usually generates three visits by the customer to the drug store—one to buy the film, another to drop it off for processing and a third to pick up the finished prints or slides.

Film sales, the traditional backbone of the drug store photo department, increased 11% in 1984 for total sales of $423 million. Sales of all films accounted for 38% of the total photo department sales figures.

The most popular type of film sold, still color film (135, 126, 110 and disc), accounted for 55% of all film sales, at $231 million. Color still film, including the big selection of fast-moving 35mm films, was the hottest item in the photo department, growing at a 15% rate.

Instant film sales, with sales at $177 million, was the second most popular film sold last year and accounted for 42% of all film sales. However, the 6.3% growth rate of instant films lagged behind the average growth of total film sales by almost five percentage points.

While several chains including Walgreens, Eckerd and Longs have in-store, 60-minute processing units, most drug stores don't. Instead, they offer 24-hour, seven-day-a-week processing. To entice customers, many add that if you don't get your prints or slides back within that time limit, you get them free.

The competition found today in film processing hasn't slowed down that area of business in drug stores. Last year, revenues from processing grew 14.3% to $348 million, accounting for better than 31% of all photo department sales.

Two-for-one and oversized prints and free replacement film with processing are just a few of the promotions used last year by chain drug stores to keep pace with the competition.

Flash bulbs and flash attachments, although showing a slower growth, registered sales of $184 million in 1984 and accounted for 16.5% of all photo department revenue.

Movie film continues its annual sales slide last year, but blank video cassettes, a rapidly expanding area of business, more than picked up the slack and accounted for $47 million in sales.

As consumer desire for higher quality prints and slides increased, so has the preference for 35mm cameras. In the past, most drug stores stayed away from 35mm equipment because of its complexity and high price.

With today's low-priced, high-quality point-and-shoot 35mm cameras, more stores are including them in their departments.

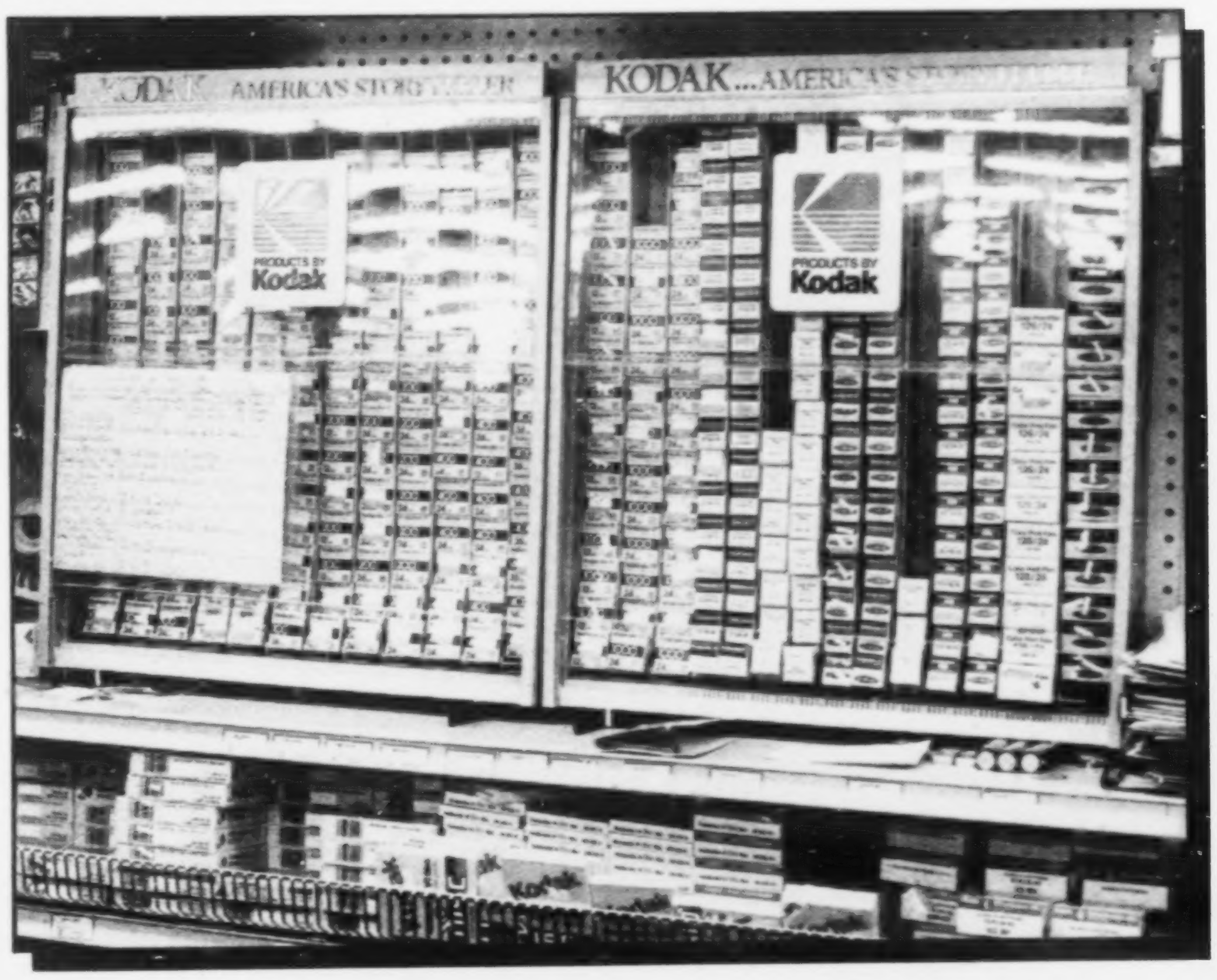
Last year, camera sales in chain drug store photo departments increased 11.7% and accounted for $109.5 million in revenues.

1984 Photo department highlights

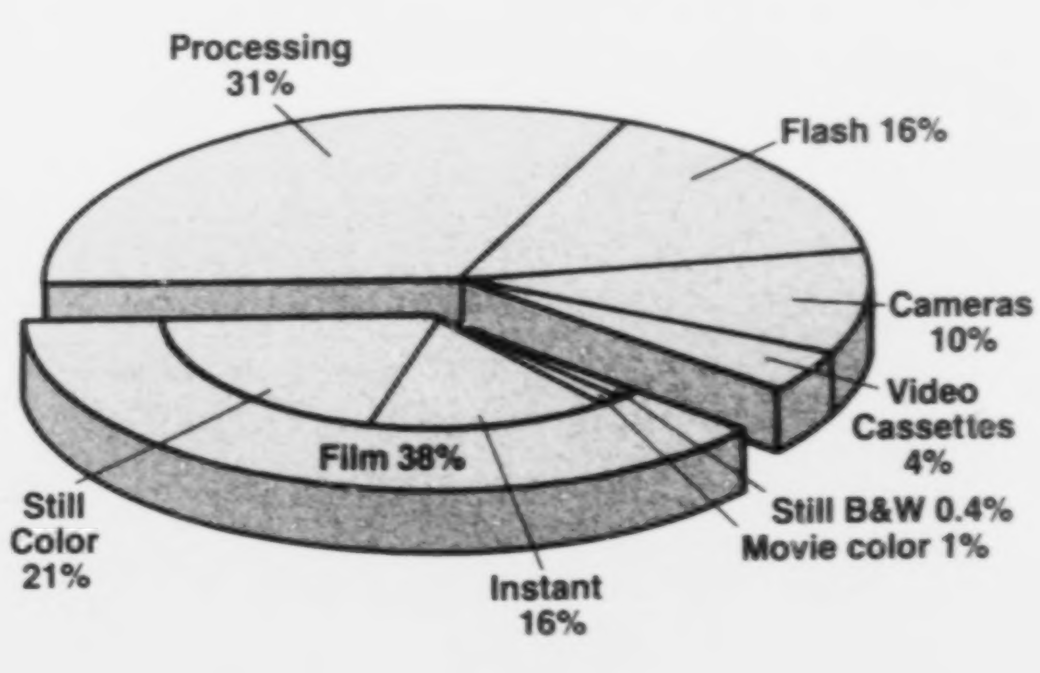
Chain drug Photo sales	*$1,113,620,000*
1984 percentage increase	*12.3%*
Percentage of total chain drug sales	*4.4%*
Typical gross margins	*20% to 25%*
Industry gross profit yield from Photo last year	*$225,-$275,000,000*
Average no. of annual dept. turns	*9*

1984 Photo department productivity

	Total sales (add 000)	% of increase	% of dept. sales
Film	$423,950	13.7%	48.1%
Still color	231,434	15.2	20.8
Instant picture	177,441	6.4	15.9
Movie color	10,681	2.6	1.0
Still B&W	4,394	9.5	0.4
Processing	348,159	14.4	31.3
Flashbulbs/flash attachments	184,303	5.3	16.5
Cameras	109,482	11.7	9.8
Blank video cassettes	47,726	N.A.	4.3



Film sales dominate photo market



Source: *Drug Store News*

FUJI FILM DISC 15 EXP TRIAL PACK
WITH COUPON FOR 50¢ OFF
YOUR NEXT PURCHASE OF 2 ROLLS OF ANY FUJI FILM-15EXPOSURES OR MORE
FUJI

Kodak TRIMPRINT 920 Instant Camera
TRIMPRINT
TRIMPRINT 920 Instant Camera
SALE
Kodak AK20 Instant Camera 8.88

Impulse sales propel candy category

The ever prevalent sweet tooth of the American consumer, combined with strategic marketing in high-traffic areas of the store, helped chain drug candy departments experience a sugar-coated 1984.

Department sales reached $891.6 million last year, a 14% increase over 1983, and accounted for 3.5% of total chain drug sales in 1984.

Candy items including gums averaged about 5.5 turns, with gross margins averaging 25% to 30%.

During 1984, candy and gum was the most purchased category in drug stores, accounting for 7.7% of all cash register ring-ups. The category also averaged 17.1 sales per 100 customers, according to the 1984 POPAI-DuPont Drug Store Shoppers Study.

The study also showed that candy and gum was fourth in a list of categories most affected by in-store decision making. Shoppers made 75% of their decisions to buy candy or gum while in the store. Candy bars, rolls, small boxes and bagged candies were most purchased without prior planning.

According to several candy buyers, drug stores promoted candy more in 1984 than they have in the past several years, thanks mainly to the availability of generous co-op advertising dollars from major manufacturers. "Every flyer and ad we printed last year featured some kind of candy," says one Midwest buyer.

That fact, plus the basic truth that Americans LOVE candy, consuming an average of more than 18 lb. per person last year, helped the candy departments grow at a brisk rate.

Buyers say that Halloween 1984 was a very strong candy holiday for them and that those seasonal sales alone account for almost 10% of their departments' annual volume.

Bagged candy, the most popular Halloween packaging, led all candy categories in growth this year with a 15.1% increase over 1983. Sales of bagged candies came close to $340 million last year, accounting for 38.1% of all candy sales.

Boxed candies, traditionally chocolates, sell best during holiday seasons, with Christmas being the best, followed by Valentine's Day and Easter.

According to the Chocolate Manufacturers' Association, 60% of the confectionery products consumed each year in America are chocolates.

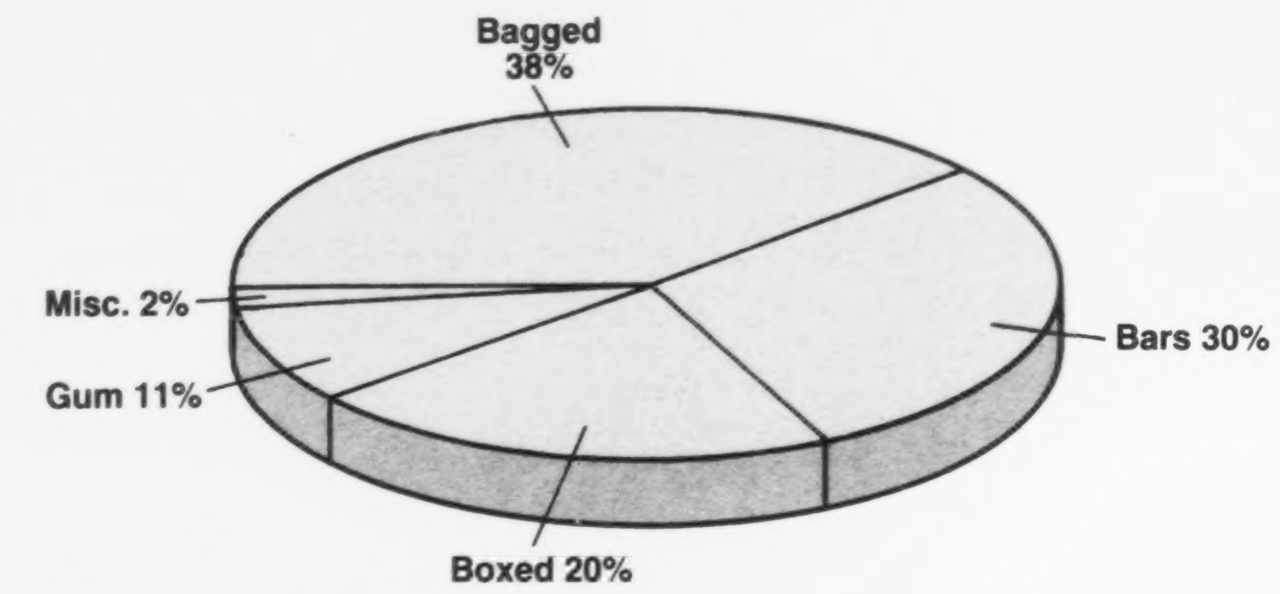
With boxed chocolates selling well throughout the year, boxed candies experienced a 13% increase for 1984. Total sales reached $175.5 million.

Candy bars, a traditionally popular high-margin impulse item in the chain drug's candy department, had a healthy sales year with a 14.2% increase over 1983. Accounting for nearly 30% of all candy department revenue, candy bars had sales in excess of $266 million.

Chewing gum sales, buoyed by strategic placement for impulse sales and by the addition of Nutrasweet by several manufacturers, experienced a 12% increase in sales during 1984, to reach $93.3 million.

The perennial favorites, Wrigley and Warner Lambert, according to buyers, continue to dominate the chewing gum field.

Bagged candy tops dept. sales



Source: *Drug Store News*

1984 Candy department productivity

	Total sales (add 000)	*% of increase*	*% of dept. sales*
Bagged	$339,992	15.1%	38.1%
Boxed	175,497	13.0	19.7
Bars	266,883	14.2	29.9
Chewing gum	93,359	11.9	10.5
Other	15,884	4.8	1.8

1984 Candy department highlights

Chain drug Candy sales	***$891,614,000***
1984 percentage increase	***13.9%***
Percentage of total chain drug sales	***3.5%***
Typical gross margins	***25% to 30%***
Industry gross profit yield from Candy last year	***$220,-$270,000,000***
Average no. of annual dept. turns	***5.5***

Cigarettes garner high sales per sq. ft.

Tobacco products continue to be a driving force in drug stores, contributing nearly 8% to the $25.5 billion that chain drug stores generated in sales last year.

Despite overall flat sales in the industry, drug stores racked up a 9% increase in sales as volume approached the $2 billion mark in 1984.

Cigarettes accounted for the lion's share of the department sales. Volume increased nearly 9.8% as cigarette sales totaled $1.3 billion last year. Cigarettes represented nearly 67% of the tobacco department sales in chain drug stores.

Although drug retailers have complained about having to allocate additional space for the growth number of cigarette brands, cigarettes remain one of the drug store leaders in terms of sales per square foot.

A recent study of the cigarette department in drug stores revealed that cigarettes generate nearly $38 per square foot. Only film and watches produce higher sales per square foot.

Cigarettes also boast the fastest turn rate of any product in the chain drug mix, turning approximately 25 times per year.

Drug stores have been successful in retaining market share in the fiercely competitive tobacco category because they carry such an extensive line.

Unlike many other drug store categories, which rely heavily on impulse sales, tobacco purchases are generally planned. The most recent POPAI-Du Pont Drug Store Shopper Study revealed that 70% of the cigarette purchases in drug stores were specifically planned.

The POPAI study also revealed that tobacco products generated nearly 14 purchases for every 100 consumers who shopped in a drug store.

In addition to the impressive gains posted in the cigarette category, other tobacco products such as cigars, lighters and smoking accessories and tobacco and tobacco accessories also enjoyed a good year.

Cigar sales were up 6.7% to $320 million. Volume in the cigar category has picked up in recent years because some people are switching from cigarettes to small cigars. Overall, cigars contributed 16% to the tobacco category sales.

Chain drug stores continue to outperform many of the other retail outlets in lighter and smoking accessory sales. Sales in that category were up 8.8% to $166.5 million.

Fueling the lighter and accessory category was the continued strength of the disposable lighter market. Although industry figures show that dollar sales of disposable lighters are growing at about a 6% rate, drug stores have shown better results.

Drug retailers have managed to garner a large share of the disposable lighter market by effective point-of-purchase merchandising. Disposable lighters are also highly promotable.

The tobacco and tobacco products segment continues to be a viable area for many chains. Sales for those products were up 8.6% to $144.4 million.

1984 Tobacco department highlights

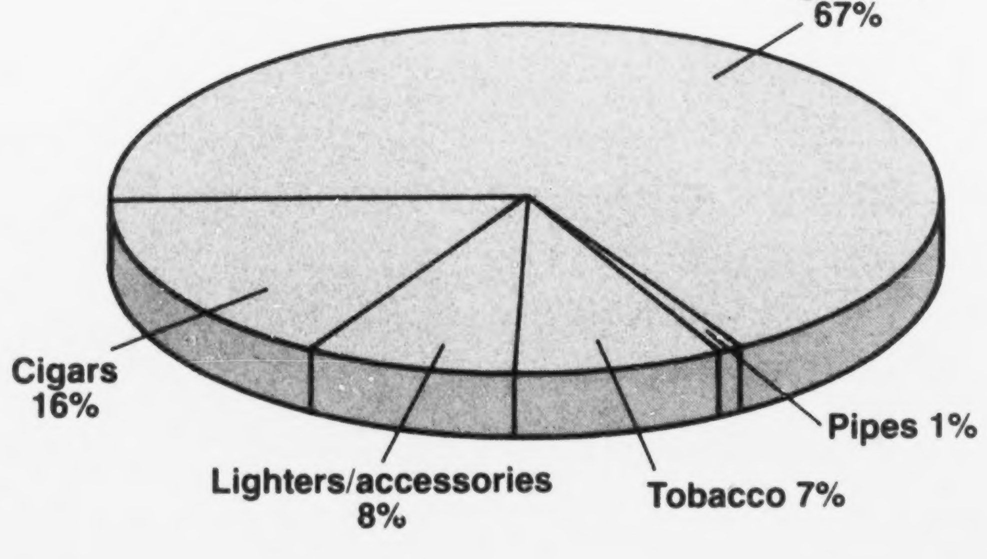
Chain drug Tobacco sales	*$1,979,327,000*
1984 percentage increase	*9.1%*
Percentage of total chain drug sales	*7.8%*
Typical gross margins	*15% to 20%*
Industry gross profit yield from Tobacco last year	*$295,-$395,000,000*
Average no. of annual dept. turns	*15*

1984 Tobacco department productivity

	Total sales (add 000)	% of increase	% of dept. sales
Cigarettes	$1,322,400	9.8%	66.8%
Cigars	320,559	6.7	16.2
Lighters/smoking accessories	166,564	8.8	8.4
Tobacco	144,372	8.6	7.3
Pipes	25,432	6.3	1.3

Scripto
Value

Cigarettes maintain lion's share of tobacco sales



Source: *Drug Store News*

REWARD
2 PACKS
$1.69
FOR CAPTURE OF
EL Producto
BLUNTS/BOUQUETS SMOKERS

DIY growth lags behind other depts.

The heyday of soaring sales for chain drug DIY departments appears to be waning.

Out of the 14 departments broken down for this year's annual report, the DIY department ranks 14th, showing the slowest growth rate and the smallest sales totals.

The DIY department—consisting of hardware, automotive, paint and paint supplies—registered 1984 sales of $420 million, a 6% growth over 1983. Actual dollar sales increased by $24.6 million. Batteries, a category included in this department in the past, are reflected this year in the general merchandise figures.

The sluggish showing this department made, however, does not mean there are fewer do-it-yourselfers out there. What it basically means is that consumers have a greater variety of stores to shop for their DIY items, and specialty discount home and auto stores are taking some business away from drug stores.

With that in mind, it's no wonder that many drug chains have diversified into auto parts stores. Several chains including Perry, Fay's, Rite Aid, Pay 'n Save and Malone & Hyde now own their own auto parts stores.

Within the DIY department, the automotive category, showed the most vitality last year by growing 8.5% to $169 million. Automotive sales account for 40.4% of all department revenue.

According to retailers, drug store auto departments have continued to grow for several reasons. One, drug stores are convenient and usually stay open longer than auto parts stores, and two, the new consumer-oriented packaging that manufacturers have developed has aided in drug store merchandising.

One buyer points out that there seems to be "a lot more people out there trying to do the simpler fix-its themselves. People try to save a few dollars any way they can, and changing your own oil or spark plugs is one way of doing it."

As manufacturers change packaging to provide more self-service items, more drug stores are expanding the number of auto sku's they carry. "We especially like the high margins on auto parts and accessories," says the buyer. That margin averages 35%-45%.

As a traffic draw, most drug stores use items such as windshield washer solvent and major brand motor oils. It's not uncommon to see quarts of oil selling for less than $1 in chain drugs.

The hardware category accounted for $188.4 million in sales last year, 44.8% of the revenues of the total department. Although hardware was the sales leader, it showed a slow growth rate of 5%.

"Hardware will always be an important department in the drug store," says Ron Davis, a buyer at Perry's. "But we have to switch from hard hardware and complete lines to more impulse-type, general hardware."

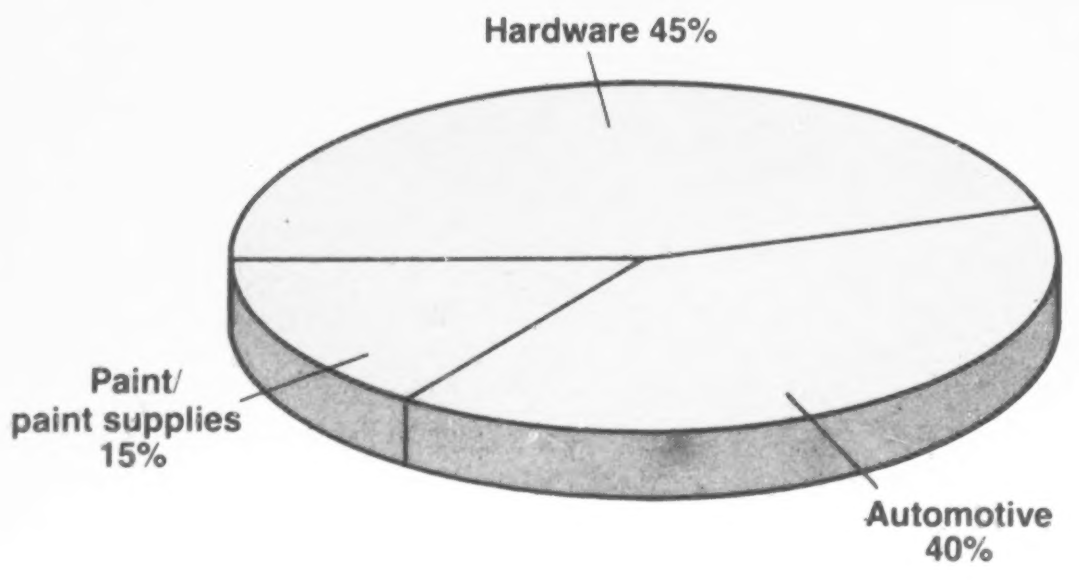
Davis says people don't expect to find high quality and top-of-the-line hardware items in drug stores, but they do expect to find packaged screws, nails and bolts, drapery hardware, faucet washers, light switches and other types of "handy man" items.

Paint and paint supplies accounted for about 15% of the department's business last year, with sales of $62 million and a growth rate of 4%.

Large buckets of paint, mostly gallon containers, are becoming quite scarce in drug stores. According to Davis, Perry is getting out of the big bucket paint business but will continue to carry smaller containers of popular colors and various types of spray paint.

OLD SHOT
SEALER
GUMOUT
STP
CARB SPRAY CLEANER
GUNK
POWER STEERING FLUID
ENGINE FLUSH
FRICTION PROOFING
GAS TREATMENT
Radiator Stop Leak
OIL TREATMENT

Auto, hardware take 85% of DIY sales



Source: *Drug Store News*

AUTO DEPARTMENT

1984 Do-It-Yourself department productivity

	Total sales (add 000)	% of increase	% of dept. sales
Hardware	$188,406	5.0%	44.8%
Automotive	169,323	8.5	40.3
Paint/paint supplies	62,397	4.0	14.9

1984 Do-It-Yourself department highlights

Chain drug Do-It-Yourself sales	$420,126,000
1984 percentage increase	6.3%
Percentage of total chain drug sales	1.6%
Typical gross margins	35% to 45%
Industry gross profit yield from Do-It-Yourself last year	$145-$190,000,000
Average no. of annual dept. turns	3

1985 Annual Report of the Chain Drug Industry

PRODUCTS

Games, robots lead as toy sales grow

Thanks to GoBots, Transformers, trivia games and Cabbage Patch Kids, chain drug store toy departments experienced one of their healthiest years ever in 1984.

Toy department sales in chain drug stores grew by 13% last year, with retail sales totaling $671.5 million, while the toy industry as a whole grew by 20%, with retail sales topping $12 billion.

Much of that healthy growth in chain drugs can be attributed to the aggressive buying and merchandising by the stores. Drug stores proved in 1984, that no matter the price point, a hot toy will sell in a drug store.

Toy sales accounted for 2.6% of chain drug stores' overall volume.

Games, once again, were the sales leaders in the toy department with total sales of $118.8 million, an increase of 15.9% over the 1983 sales figures. The higher priced trivia games were the stars of the department, helping games account for 17.7% of all toys sold.

One of the other hot toy categories of 1984, the transforming robots, were mostly pegged, thus helping this area show an increase of 15.8%, with sales at $97.9 million. Tonka's GoBots and Hasbro's Transformers were the victors, with no less than 10 lower-priced, mainly imported copycats doing well when the big two became scarce prior to Christmas.

As drug store toy buyers expanded their departments, both in unit count and with higher priced, nationally promoted items, more boxed items found their way to the toy department shelves. In 1984, sales of boxed toys increased by 14%, compared with a 5.8% growth in 1983. Boxed items accounted for $82.9 million in sales, 12.3% of the total sales of the toy department.

Toy cars and trucks, always fast movers in the chain drug mix, registered a 12% increase to $88.8 million, and accounted for 13.2% of toy department sales.

Doll sales, thanks to Cabbage Patch and the ever popular Barbie, grew stronger than the department itself in 1984 with a 14.9% growth rate. Dolls brought in $53 million in sales.

Plush toys, led by Kenner's Care Bear family, experienced sales of $52.4 million, a 12.5% increase over 1983.

Although becoming more popular with the consumer, educational and preschool toys, on the whole, grew at a slower rate than the total toy department last year. The 11.8% increase represented total sales of $52.4 million.

People turned elsewhere to buy hobby and craft kits and supplies during 1984, and in turn, this category proved to be the slowest in growth at 9.6%. Total sales reached $41 million.

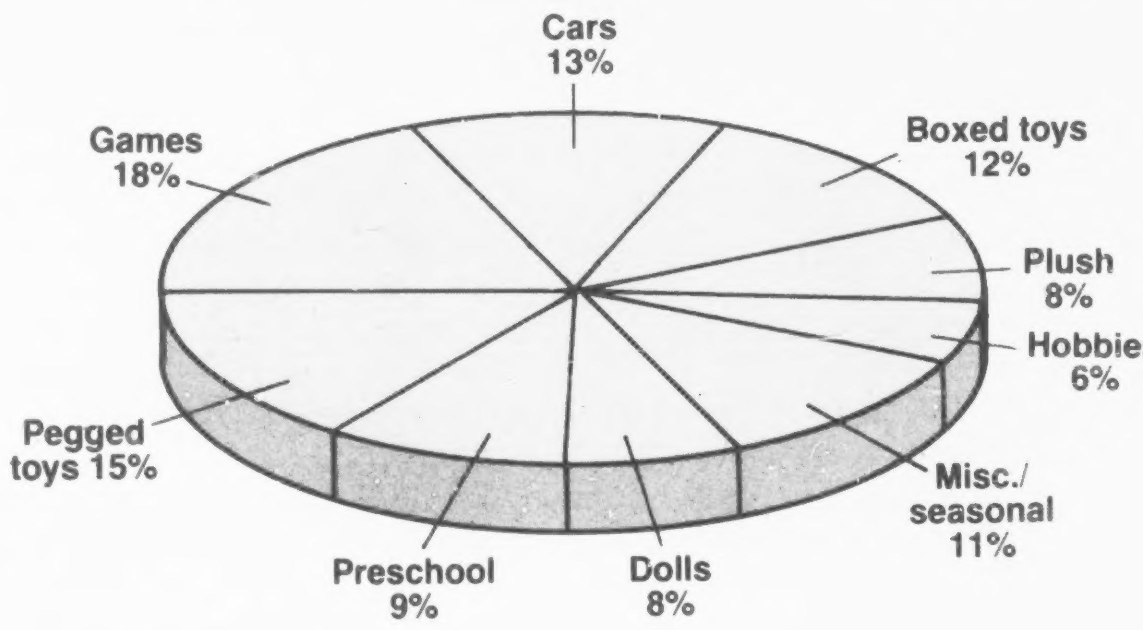
One has-been category in the drug store toy department is electronic and video games. After several years of phenomenal growth, last year's sales totals barely showed up on the charts. This category has been included in this year's miscellaneous listing.

Seasonal toy and game sales figures are also included in miscellaneous.

1984 Toy department highlights

Chain drug Toy sales	$671,588,000
1984 percentage increase	12.9%
Percentage of total chain drug sales	2.6%
Typical gross margins	35% to 40%
Industry gross profit yield from Toys last year	$235,-$270,000,000
Average no. of annual dept. turns	2.6

Games still command biggest share of toy market



Source: *Drug Store News*

1984 Toy department productivity

	Total sales (add 000)	% of increase	% of dept. sales
Games	$118,786	15.8%	17.7%
Pegged toys	97,910	15.8	14.6
Cars	88,812	12.1	13.2
Boxed toys	82,872	14.0	12.3
Preschool	62,737	11.8	9.3
Plush	52,437	12.6	7.8
Dolls	53,096	14.9	7.9
Hobbies	41,008	9.6	6.1
Miscellaneous/seasonal	73,930	12.2	11.0

Sunglasses: clear winner in GM sales

General merchandise sales in chain drug stores rose 8.1% last year to $1.3 billion.

The increase would have been substantially higher had it not been for a slowdown in general merchandise sales during the fourth quarter. A number of chains reported that sales during the holiday period, traditionally the strongest for general merchandise, were not nearly as robust as the previous year.

However, drug chains still registered healthy increases in a number of general merchandise categories, including home electronics, watches and sunglasses.

Sunglasses, in fact, were the biggest winner in the general merchandise department last year. Sales jumped 10.1% to $173.6 million.

The gains in the sunglass category were particularly impressive in light of the fact that discounters and supermarkets have gone after this market much more aggressively in recent years.

Retailers said the high degree of consumer confidence in the economy earlier in the year and an influx of new styles on the market drove up sunglass sales, which accounted for 13% of the department's total volume.

The category leader in dollar sales did not fare as well. Personal care appliance sales slipped during the Christmas quarter. Sales for the year were up 7.1% to $217.6 million.

However, things could have been worse. Retailers credited an aggressive rebate program from several manufacturers for sparking sales of hair dryers, curling irons and electric shavers.

Watch sales registered a healthy 9.2% increase in sales to $97.5 million. Gains were posted both in the low-end and high-end watches.

Despite near-saturation in the personal stereo market, drug retailers still benefited from a 9.1% increase in the home electronics category. Sales climbed to $89.9 million.

Personal stereos last year finally showed signs of peaking after several consecutive years of double-digit sales gains. However, the "boom-box" radios continued to be hot sellers in many chains during 1984.

Several chains, including Begley Drug, Pay Less NW, Pay 'n Save and Page Drug, carried video cassette recorders—last year's biggest-selling home electronic product. Industry-wide unit sales of video cassette recorders in 1984 were up nearly 80% from the previous year.

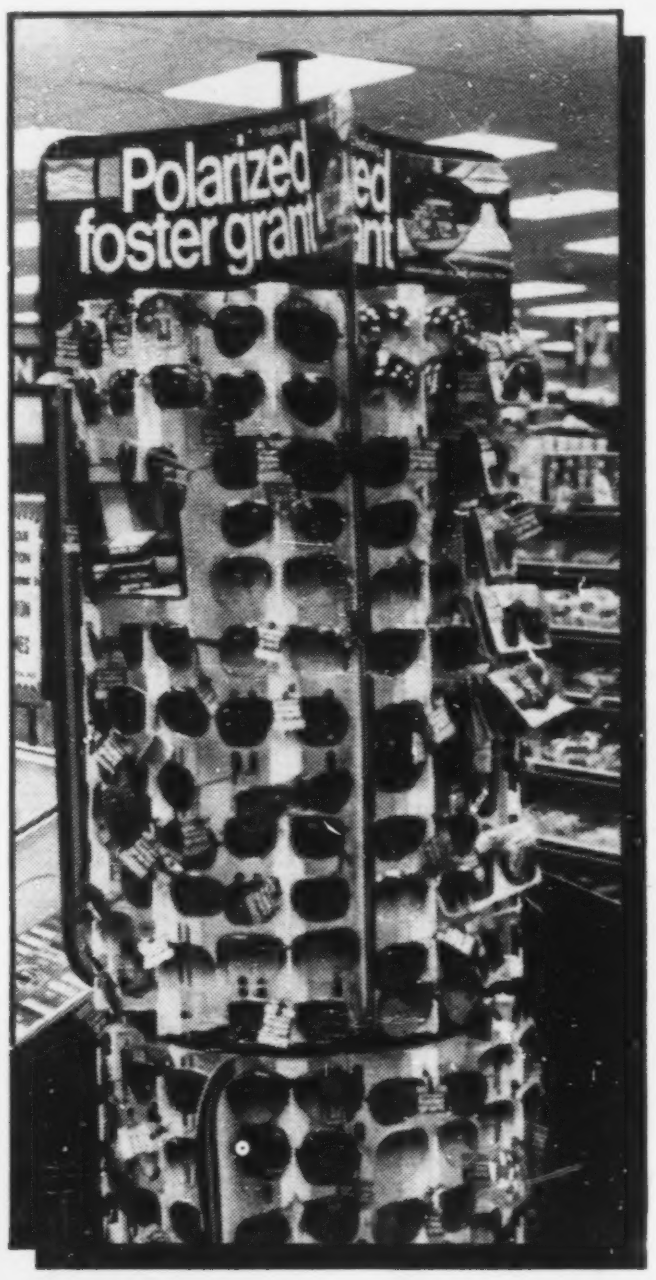
Batteries generated a steady 7.4% increase in sales last year with sales in chain drug stores closing in on the $150 million mark.

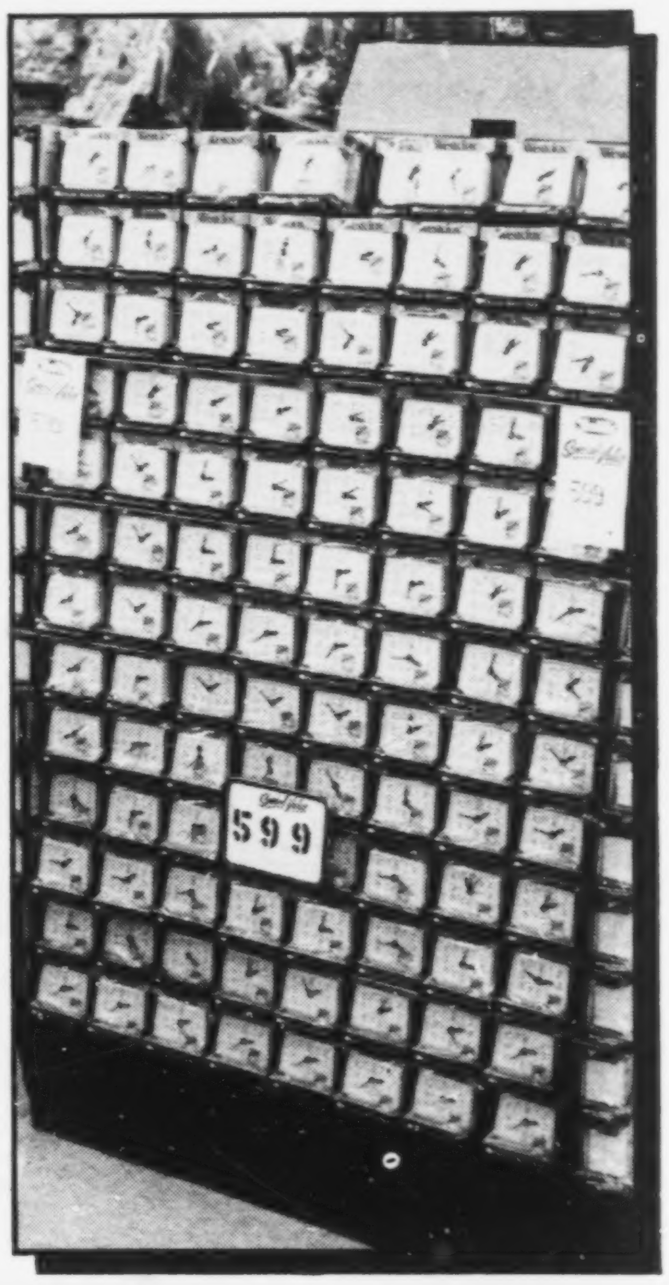
In addition to producing some of the highest sales per square foot in drug stores, batteries also are among the most profitable products in the chain drug mix.

Another leading performer in the general merchandise category last year was the pantyhose/soft goods segment. Pantyhose sales climbed 9.4% to $189.3 million. Drug stores have carved a substantial share of the pantyhose market by offering women low prices and convenience.

1984 General Merchandise department productivity

	Total sales (add 000)	% of increase	% of dept. sales
Personal care (Inc. elec. razors)	$217,635	7.1%	16.3%
Sunglasses	173,581	10.2	13.0
Pet needs	143,153	8.3	10.7
Sporting goods	126,779	7.7	9.5
Pantyhose/soft goods	189,278	9.4	14.2
Watches/bands	97,500	9.3	7.3
Home electronics	89,909	9.1	6.7
Batteries	146,320	6.4	10.9
Yarn/sewing notions	73,711	4.2	5.5
Vaporizers/humidifiers	18,910	4.5	1.4
Giftware	25,758	6.2	1.9
All others	34,389	2.2	2.6





1984 General Merchandise department highlights

Chain drug General Merchandise sales	*$1,336,923,000*
1984 percentage increase	*8.1%*
Percentage of total chain drug sales	*5.2%*
Typical gross margins	*35% to 45%*
Industry gross profit yield from General Merchandise last year	*$465-$600,000,000*
Average no. of annual dept. turns	*5.2*

Walgreens plans expansion drive for '85

DEERFIELD, Ill. — Walgreens, which opened its 1,000th store last year, plans to continue its aggressive expansion drive in 1985.

The company is opening another 100 drug stores this year compared to 72 last year. For 1984, Walgreens reported that comparable store sales (sales for all stores opened at least a full year) were up 11.2%.

Pharmacy sales are still continuing to grow dramatically. Prescriptions, which currently account for 19% of all Walgreens' drug store sales, increased a vibrant 22.8% in 1984, leading all other categories.

Much of the chain's 1985 unit growth is being planned for what chairman and ceo Charles "Corky" Walgreen calls the "booming" states of California, Florida and Texas.

Walgreens plans to add 10 more stores to the 44 now in California's Bay Area including 19 in San Francisco. In Texas, where Walgreens already has 164 stores including 107 in Houston, 24 stores will be added, and in Florida, where Walgreens has 144 stores, 30 new stores will be opened.

This year, Walgreens will also remodel 70 stores while refurbishing another 200.

In recent years, Walgreens has been filling in those major markets where the company has either a No. 1 or No. 2 market share. Currently there are only five markets—about 10% of Walgreens' total market arenas—where the company's stores don't command first or second position.

"Our expansion strategy remains one of optimum penetration," Walgreen says. "California will be one of the hottest retail markets in the United States for the rest of the 80's, and Texas will grow 32% through the year 2000."

Florida, he points out, is expected to pick up 300,000 new residents in 1985 alone.

In other areas, Walgreens is expanding its merchandise mix to embrace more high-margin "consumable categories" like video tapes, computer discs, computer paper, convenience foods and photo processing.

The new technology lines like computer discs and video accessories are seen as good "growth businesses" by Fred Canning, the chain's president.

"Accessory business," says Canning, "is all plus business. Much of this business didn't even exist five years ago. Today 20% of all American households have VCRs and personal computer sales are up by 50%."

Canning stresses that Walgreens is not planning to sell hardware, but rather the more consumable accessories. Blank video tapes, computer discs and papers "are the consumables of the 80's," he says.

Walgreens is also aggressively expanding its consumable convenience foods departments. Another 40 "full-selection" convenience food departments will be added this year. Walgreens projects a total of 153 "full-size" convenience food departments by next year. In addition, many Walgreens' stores also sport limited lines of convenience and frozen prepared foods.

"We're building up consumable categories with the goal of increasing our customers' trips to Walgreens," says Canning.

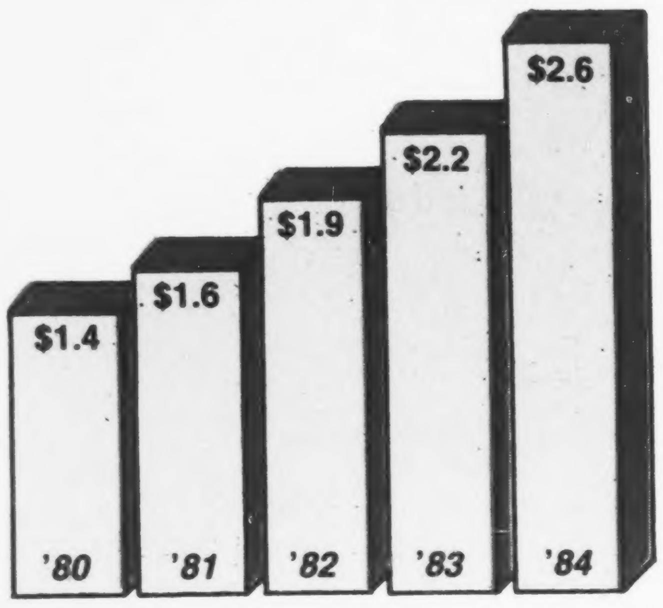
"We want to draw them into the store, not only for toothpaste and aspirin, but also for midweek purchases of milk, bread or tomato soup."

In the area of retail store diversifications, Walgreens will add another two home health care stores in 1985. The company currently operates three such stores, all in the Chicago market.

The company will also add another 10 Wags freestanding restaurants for a year-end total of 73.

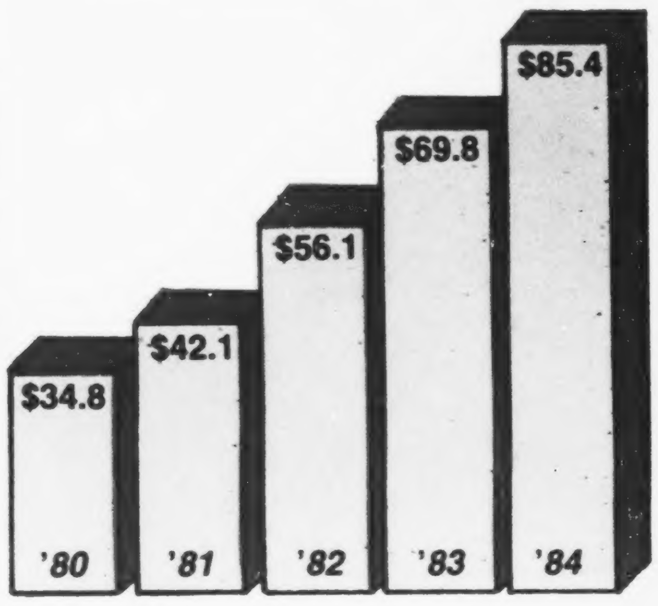
Canning says the plan is to expand the home health care stores "slowly, finding our niche in this growing market." He says the restaurants, too, will continue to grow "cautiously," but he adds that it won't be too long before Walgreens plans to enter some new markets with its Wags.

Walgreens' five-year sales trends*

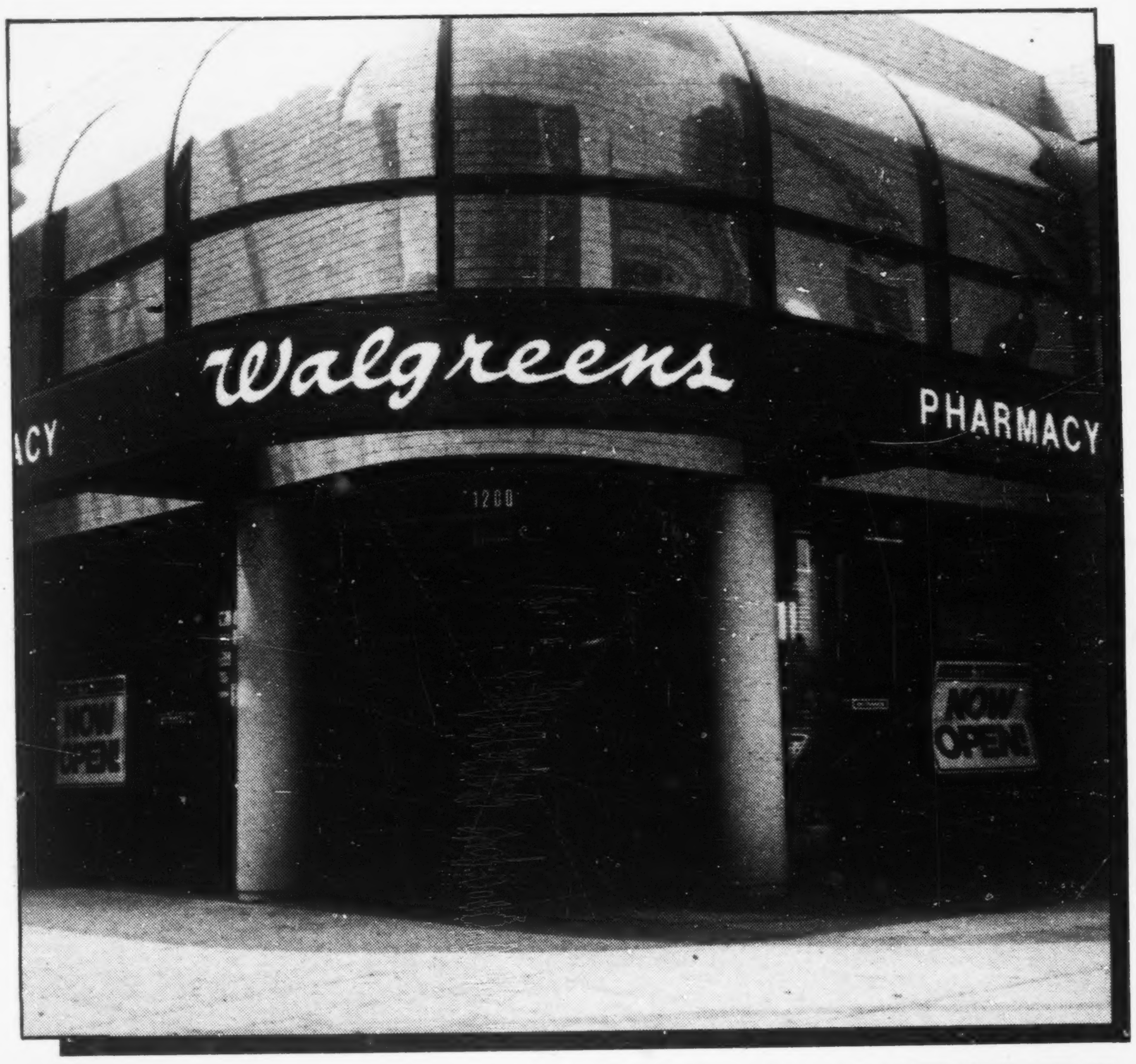


Sales in billions
*Drug stores only
Source: Company reports

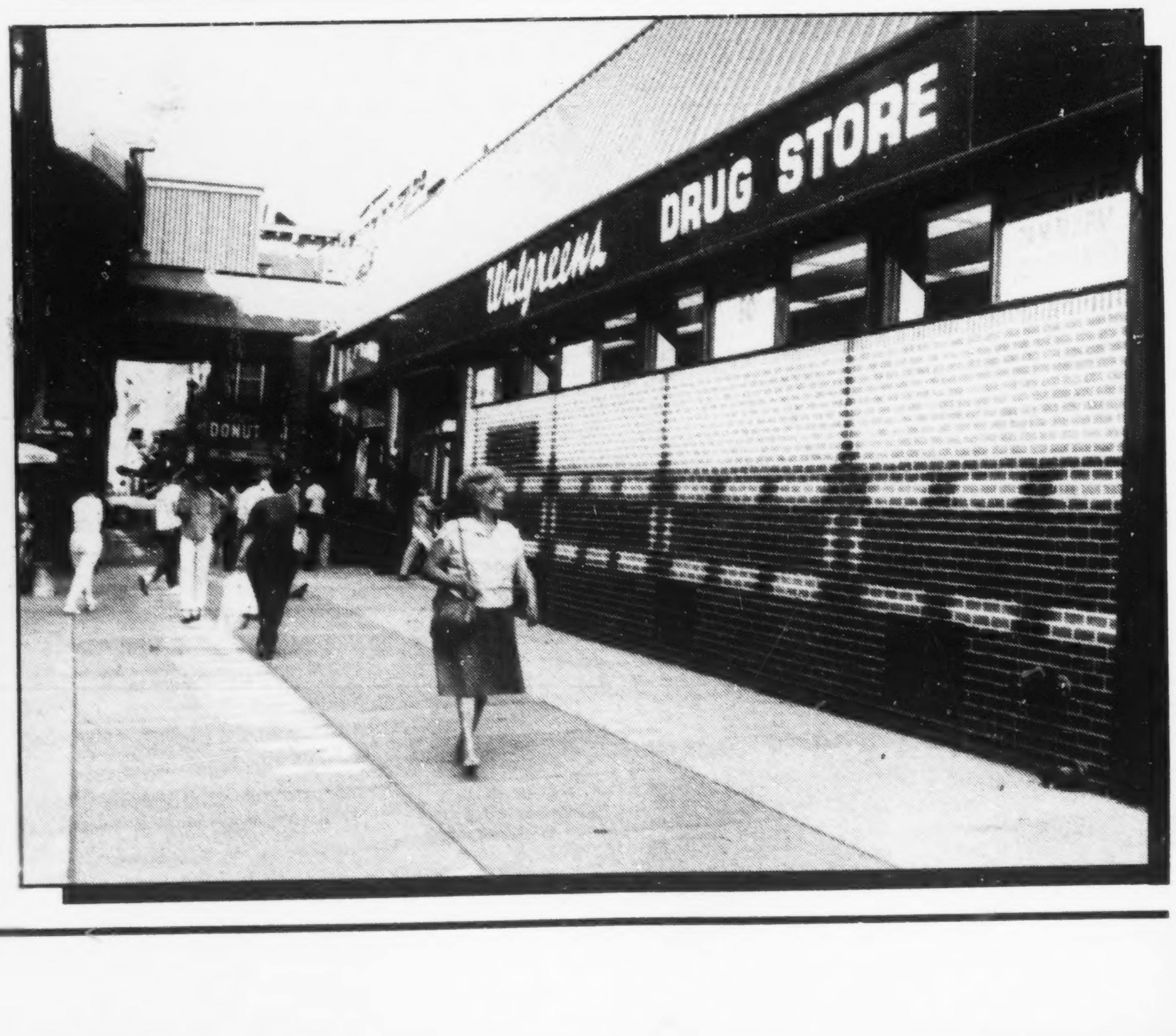
Walgreens earnings increase 22%



Earnings in millions
Source: Company reports



The Prescription Center
Walgreens



Eckerd bolsters operating strategy

CLEARWATER — Eckerd's chairman and president Stewart Turley calls 1984 "a year for significant improvements for the company."

For the corporation as a whole, sales rose 13% to $2.62 billion during the year ended July 1984, while net profits increased 19% to $85.4 million.

The drug-store division, which accounts for about 86% of corporate sales, generated a 12% sales gain for year-end sales of $2.2 billion. At the same time, operating profits for the division surged ahead a lusty 23.5%, helping to offset losses at Eckerd's American Home Video division as well as an earnings decline in the JByrons department store division.

In setting strategy for 1985, Turley said that the corporation would try to strengthen the JByrons division by opening fewer new stores and by putting a stronger emphasis on the operations in existing stores. He also predicted that American Home Video, which has consistently operated at a loss, would show its first operating profit this year. The ceo has since revised that prediction to break even at best for the troubled chain of video stores.

In the drug division, the company rebounded after two years of depressed sales and earnings by activating a number of merchandising and operational strategies, including:

- consolidating buying and all merchandising groups into the company's headquarters in Clearwater;
- grouping the company's six drug divisions under two executive vps as a first step in "nationalizing" the company;
- stepping up Eckerd's image and visibility as a health-care provider by increasing the number of ads and promotional programs stressing the pharmacy and the preservation of good health;
- experimenting with new store designs and new layouts developed to improve merchandise presentation and shopping convenience;
- expanding the installation of pharmacy terminals to the point where about 900 stores, or 59% of the division, will have Rx terminals by the end of fiscal 1985 in July.
- installing computerized point-of-sale registers in select stores to monitor transactions and inventory status, and
- opening another 216,000-sq.-ft. distribution center in Hammond, La.

Earlier this year, president Harry Lambert consolidated the company's 13 division offices into eight district offices, and at the same time, redefined the responsibilities of Eckerd's division managers.

To make it possible for desk-bound division managers to liberate themselves from paperwork and get into the field where the action is, Lambert relieved them of distribution and accounting responsibilities.

Those responsibilities were transferred to Curt Neel, Eckerd's vp of distribution for operations services, whom Lambert describes as the company's "distribution expert."

Freed from their distribution and accounting responsibilities, the division managers would now be able to concentrate more effectively on store sales and store operations, Lambert said.

"Our strongest guys are at the division level," he said, "and they felt, as we did, that they weren't spending enough time in the field."

Under Eckerd's old system, the district managers reported to Neel on a dotted line basis. According to Lambert, the system was similar to "operating more like a regional chain."

Before, the distribution center could only service the stores in its region. Under the new system, Lambert says the distribution end of Eckerd's business will be run more like a national chain.

"If it's cheaper for us to ship a store in North Carolina from Atlanta," he said, "we'll ship from Atlanta. We're going for the operational efficiencies and we expect them to yield substantial savings."

Lambert also says that the new system will keep district managers in better touch with the chain's customers.

"When you have 1,500 stores," he says, "it's hard to stay in touch with everything. There are too many layers of management."

Eckerd, he admits, had been losing touch with the field, not always aware of how customers were reacting to its stores or if all the hot new products that Eckerd could promote were getting into the stores.

Now Lambert says the district managers will spend more time in the stores, supervising them and talking to the customers.

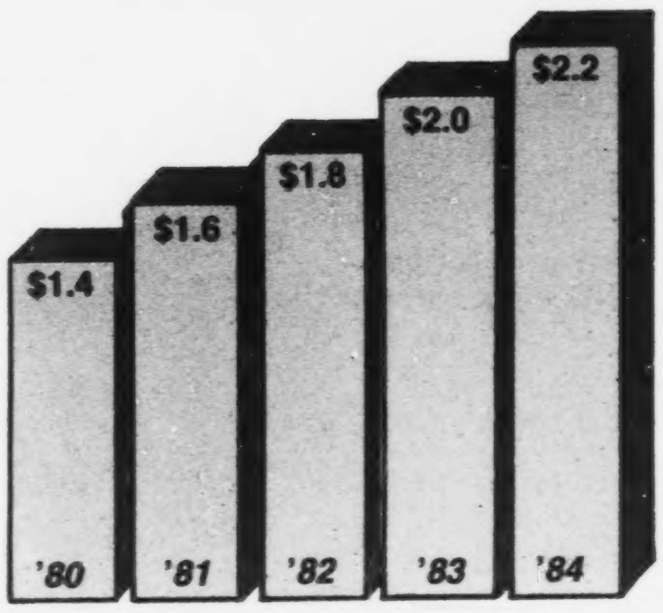
"We'll also be doing more training and getting better feedback on day-to-day operations," he said.

In the fall of 1983, Eckerd also became the first drug chain to open an optical "superstore." Vision Works, as Eckerd named the first store in Clearwater, stocks about 10,000 eyeglass frames from $29.99 to $27,000.

The store employs a staff of 25 opticians and optical and laboratory technicians. It also makes retail space available to a team of optometrists who carry on a private practice.

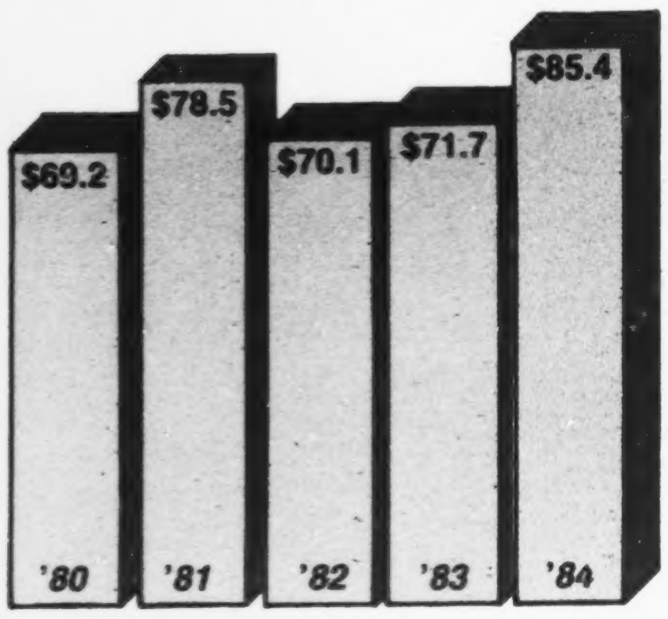
Eckerd, which also operates 152 traditional in-store optical departments, opened a second Vision Works last year in Charlotte, N.C., and plans a third shortly in Tampa.

Sales trends for Eckerd Drug

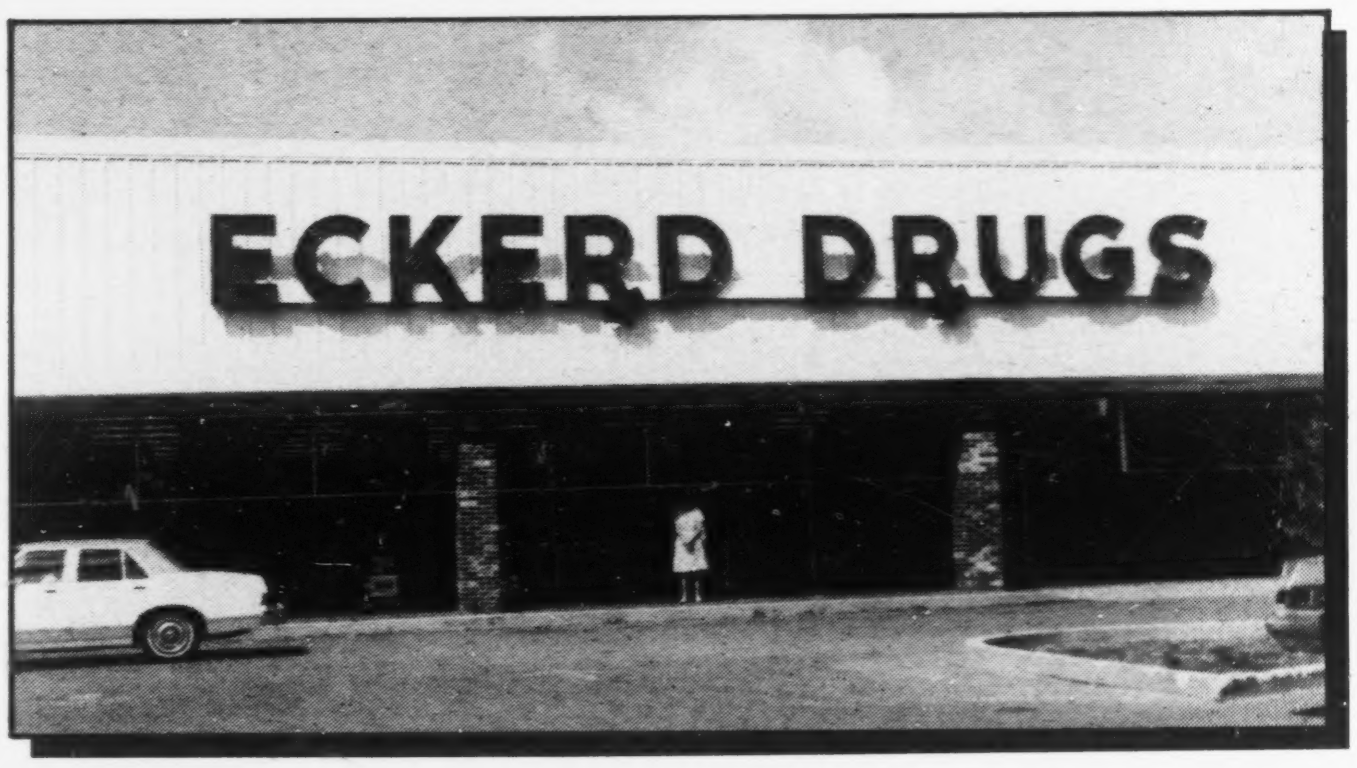


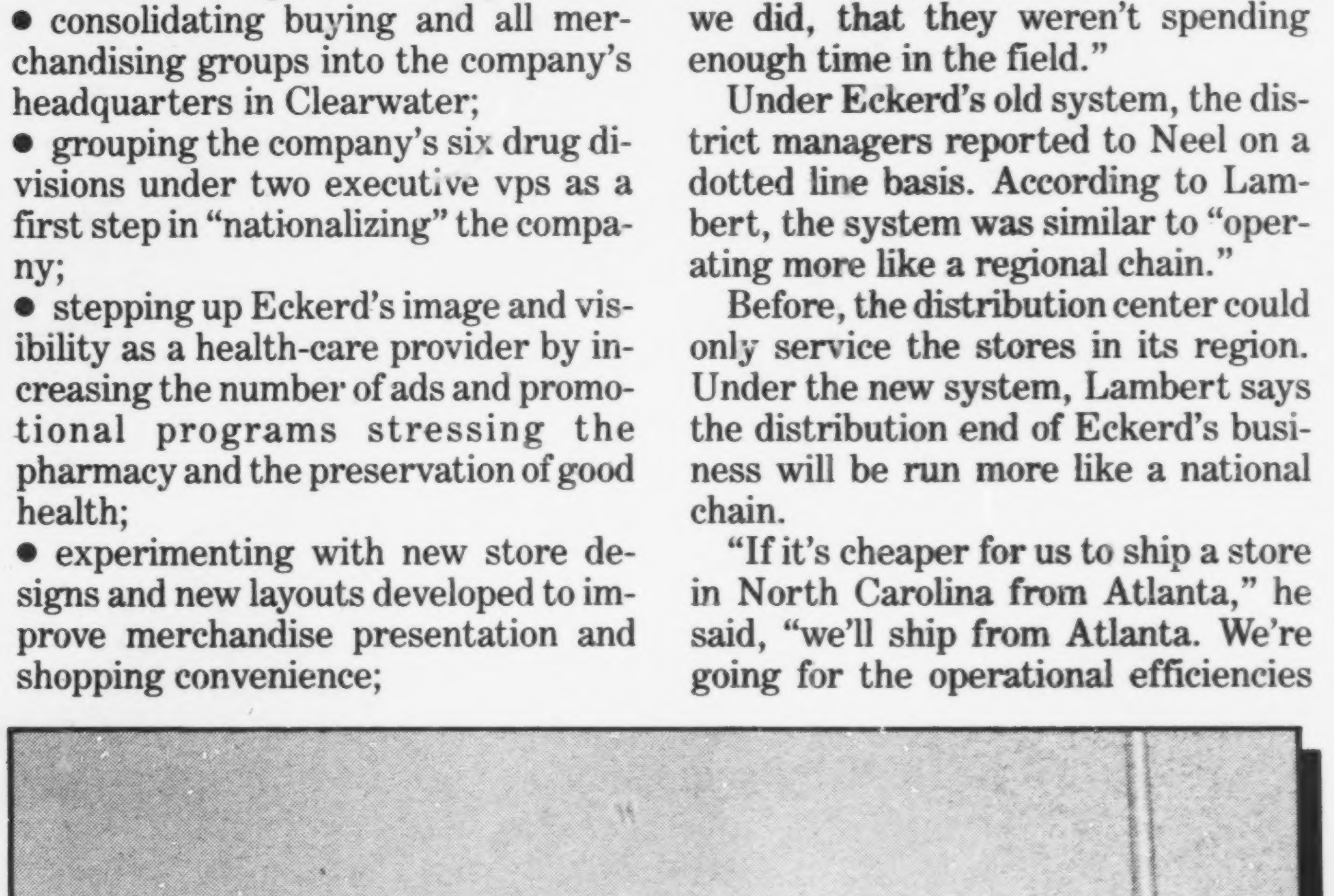
Sales in billions
Source: Company reports

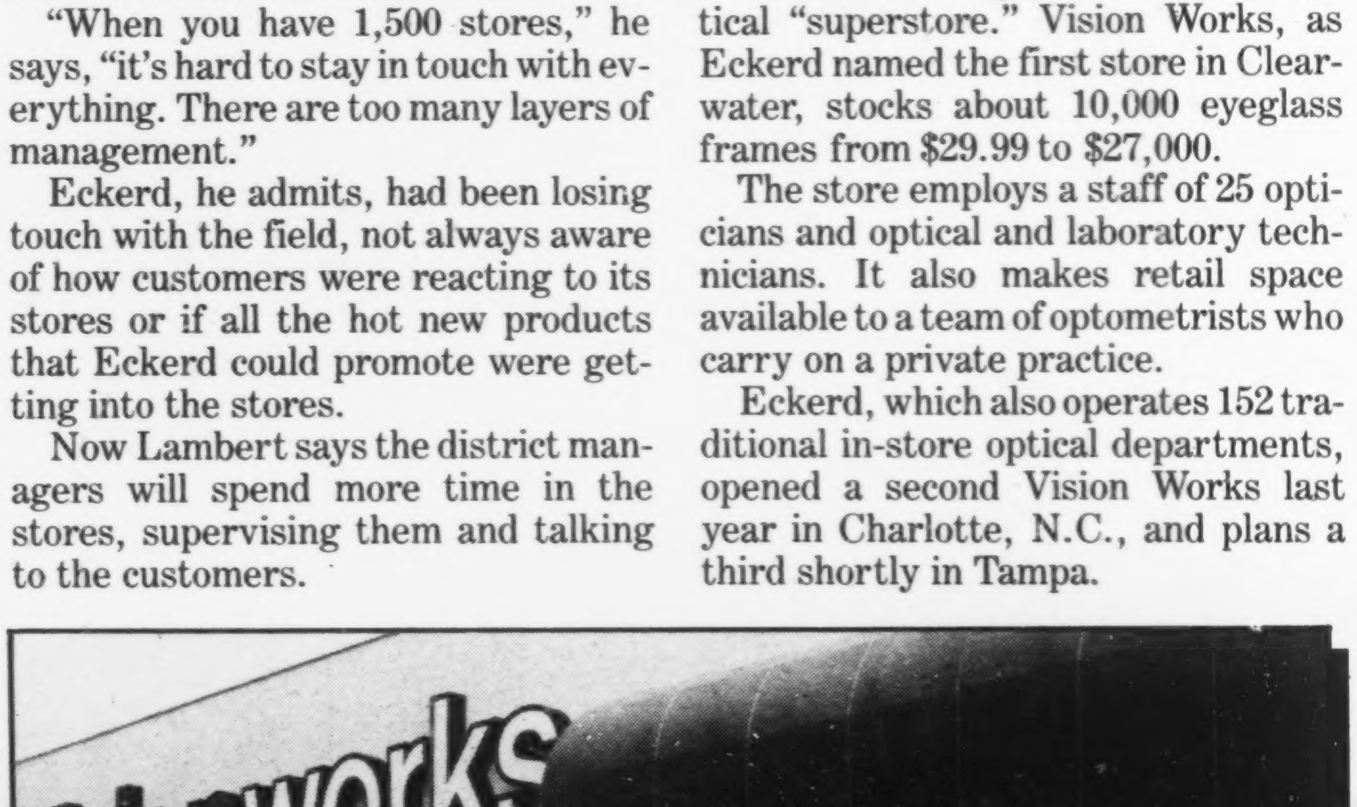
Eckerd earnings up 19%



Earnings in millions
Source: Company reports







No more 'catch up' as Thrifty takes lead

LOS ANGELES — For years Thrifty played catch-up. They were late in weaning away from service cosmetics; late in switching to self-service liquor and promotional foods. And they were testing two pharmacy terminal systems in a handful of stores long after Pay Less NW, Pay 'n Save and Longs were installing them chainwide.

But those days are faded memories because today's Thrifty is a rejuvenated giant—from its Perfecto prototype to diversification into discount book and auto supply stores.

And now the latest thrust forward: a $60 million in-store computer system being tested in the Los Angeles area. The system has five major components: POS registers, direct store delivery, store inventory management, energy management and labor scheduling.

Thrifty is also beefing up its support systems. The corporation will add 35,000 sq. ft. of mezzanine space to its 400,000-sq.-ft. Anaheim distribution center and will install $1 million in new equipment. In addition, the chain will spend $2.5 million to open a new 20,000-sq.-ft. film processing plant in northern California. The new plant will enable Thrifty to increase its film processing volume 250% in five years.

The support systems will dovetail into Thrifty's expansion program, which will see 25 new stores go onstream in fiscal 1985. This is the largest number of new stores since 1976.

The engine powering the revitalized Thrifty machine is its fiscal performance. For the 55th consecutive year, sales increased, and for the 30th consecutive year, same-store sales (excluding those opened during the past two years) have increased over the prior year. Also, it is the 28th year out of 30 where profits have increased over the previous year. In fiscal 1984, Thrifty sales were $1.3 billion; net income, $28 million.

The only dark cloud in Thrifty's golden lining is Trak Auto West, owned 50% by Thrifty and 50% by the Dart Group of Landover, Md.

As of May 1984, Thrifty was losing about $1 million per quarter on Trak. Thrifty hopes to break even in the fourth quarter of fiscal 1985 but admits that Trak is running one year behind expectations.

At present, Trak operates 50 stores in the Los Angeles area and expects to have 70-80 in operation by August 1985, with a total of 90-100 by December 1985.

Crown Books, originally a 50-50 partnership with Dart, went public in August 1983, and Thrifty and Dart each own 34% of the stock. Thrifty has invested $12 million in Crown, and its holdings in the 183-store book chain are now worth $33 million.

Expand sports chain

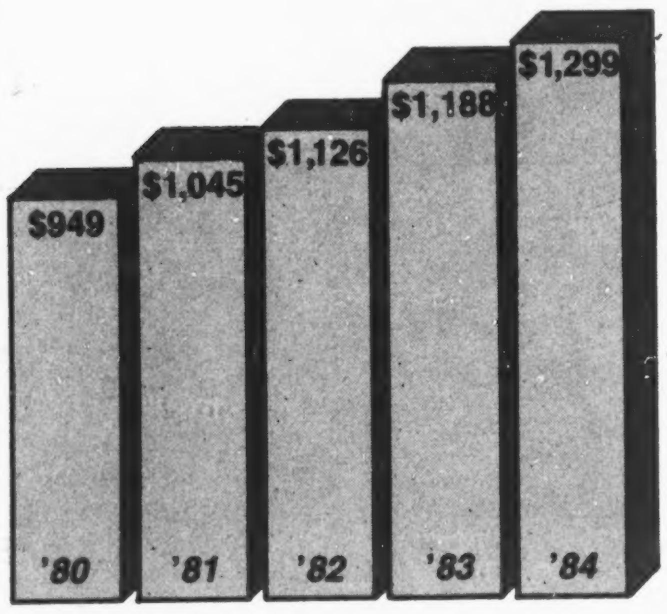
With the purchase of 10 Sportswest stores from Pay 'n Save for $8 million, the renamed Big 5 Sporting Goods stores will be the catalyst for expanding Big 5's California-Nevada operation into the Pacific Northwest. Because of economies in advertising, Thrifty is expected to open more Giant T drug stores in that area. It now operates 14 and has been on a no-growth pattern for years.

Private label is also getting the gun: $1 million in advertising for fiscal 1985. Thrifty's goal is to double private label sales in the next two years and thereby raise overall gross margins three-tenths of 1%. The slogan for the new private label program is: "If you can't tell the difference, why pay the difference?"

The chain continues its drug store renovation program. As of Nov. 30, 1984, 332 Thrifty drug stores—or 61% of the chain total—had been remodeled in the Perfecto image.

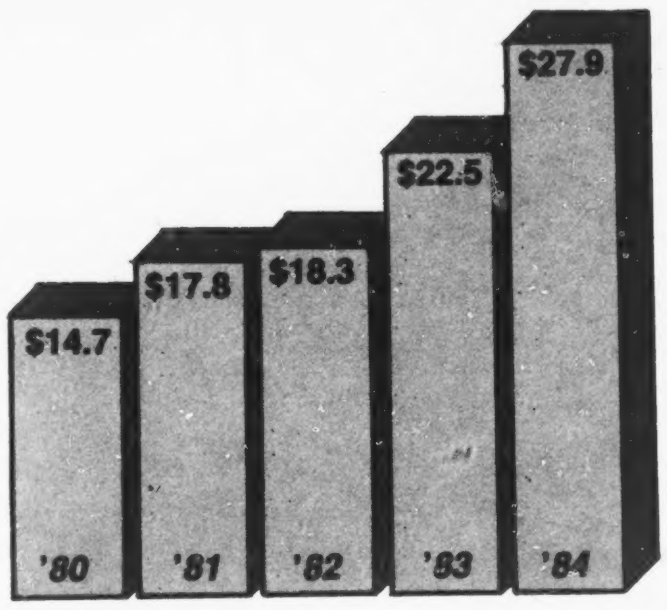
Thrifty is putting its house in order just in time to defend its market share against the expected onslaught by Sav-On, its principal southern California competitor. Since American Stores acquired Jewel (Sav-On had been a division of Jewel), American has started refashioning Sav-On in its own image. And that image includes aggressive pricing. In view of Sav-On's slippage, that course appears to be predestined.

Thrifty sales up 9.4%



Sales in millions
Source: Company reports

Thrifty net earnings surge 24%



Earnings in millions
Source: Company reports

Record sales, earnings for Shoppers

TORONTO — Although faced with increased competition throughout many of its operating regions in Canada, Shoppers Drug Mart is closing in on another year of record sales and earnings.

Through the first nine months of its fiscal year, Canada's largest drug chain generated systemwide sales of $1.1 billion (Canadian), up 12.3% from the $978.7 million the previous year. Operating income for the three-quarter period was up 14% to $29.6 million from $25.9 million the previous year.

Revenues during that period, which includes franchise fees and other income but excludes sales by Shoppers stores, grew 11.7% to $52.5 million from $47 million.

Shoppers' performance this year, coupled with the strong gains posted by its sister chain in the U.S., Peoples Drug Stores, contributed heavily to the substantial increases in sales, revenues and earnings at the parent company, Imasco Ltd.

However, Shoppers' fast-paced growth is no longer a given. Competition from food/drug combo operators and high-volume deep discounters is a serious concern for chain officials.

Shoppers' stores in western Canada in particular have been plagued by the incursion of food/drug stores, which company officials acknowledge has heightened price competition and affected the bottom line in that region.

Elsewhere, other Shoppers stores have had to deal with the invasion of the deep-discount format. Although deep discounters have not posed as great a problem in Canada as they have in many large U.S markets, the sprawling off-price stores are expected to garner a larger share of the business over the next year.

Shoppers has been quicker to react to the deep-discount threat than many of its U.S. counterparts. The 442-unit chain has followed the rise of the deep discounters in the U.S. for some time and one year ago opened its first true deep-discount store in Toronto.

Dubbed Howie's, the store has been a major success for Shoppers. Some chain officials predict that the store could generate $10 million in sales during its second year of operation.

In March, Shoppers opened its second Howie's in Toronto. The store also marked the chain's first test of point-of-purchase scanning equipment.

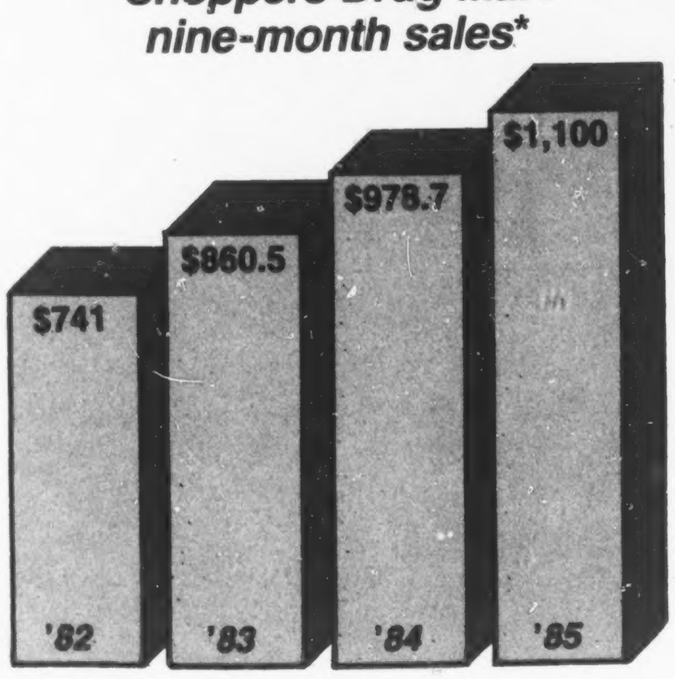
Earlier this month, Shoppers' Pharmaprix division planned to open its first deep-discount drug store in Montreal called Pharmaprix Carnaval. A second Carnaval store also is slated to open this spring in Montreal.

In addition, Shoppers plans to roll out the deep-discount format in other Canadian cities, including Winnipeg, Manitoba and Windsor, Ontario, later this summer.

Two notable events occurred this year within Shoppers' U.S. operations. Shoppers pulled out of Seattle-Tacoma after it was unable to penetrate the markets.

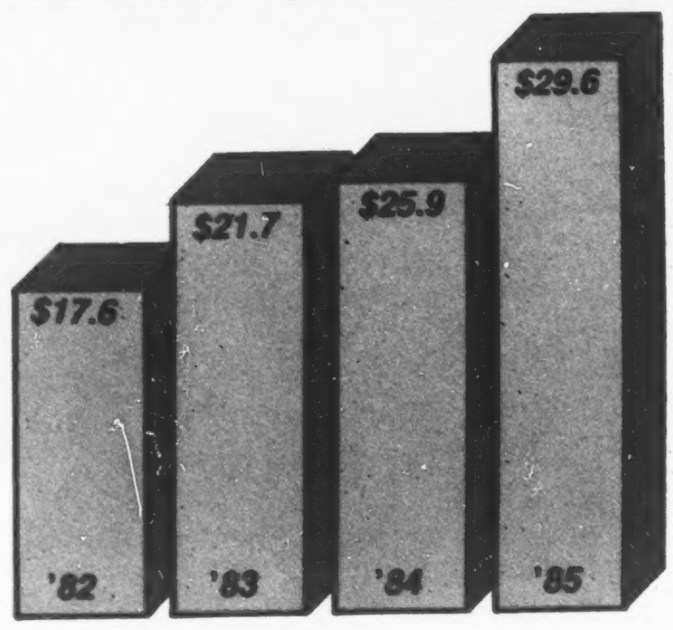
In the chain's Florida division, the news was more upbeat. Shoppers opened its first new store in the state in nearly four years. The opening of the 31st store in Florida took place as the chain's Florida division turned profitable for the first time since Shoppers entered the state in 1974.

*Shoppers Drug Mart nine-month sales**



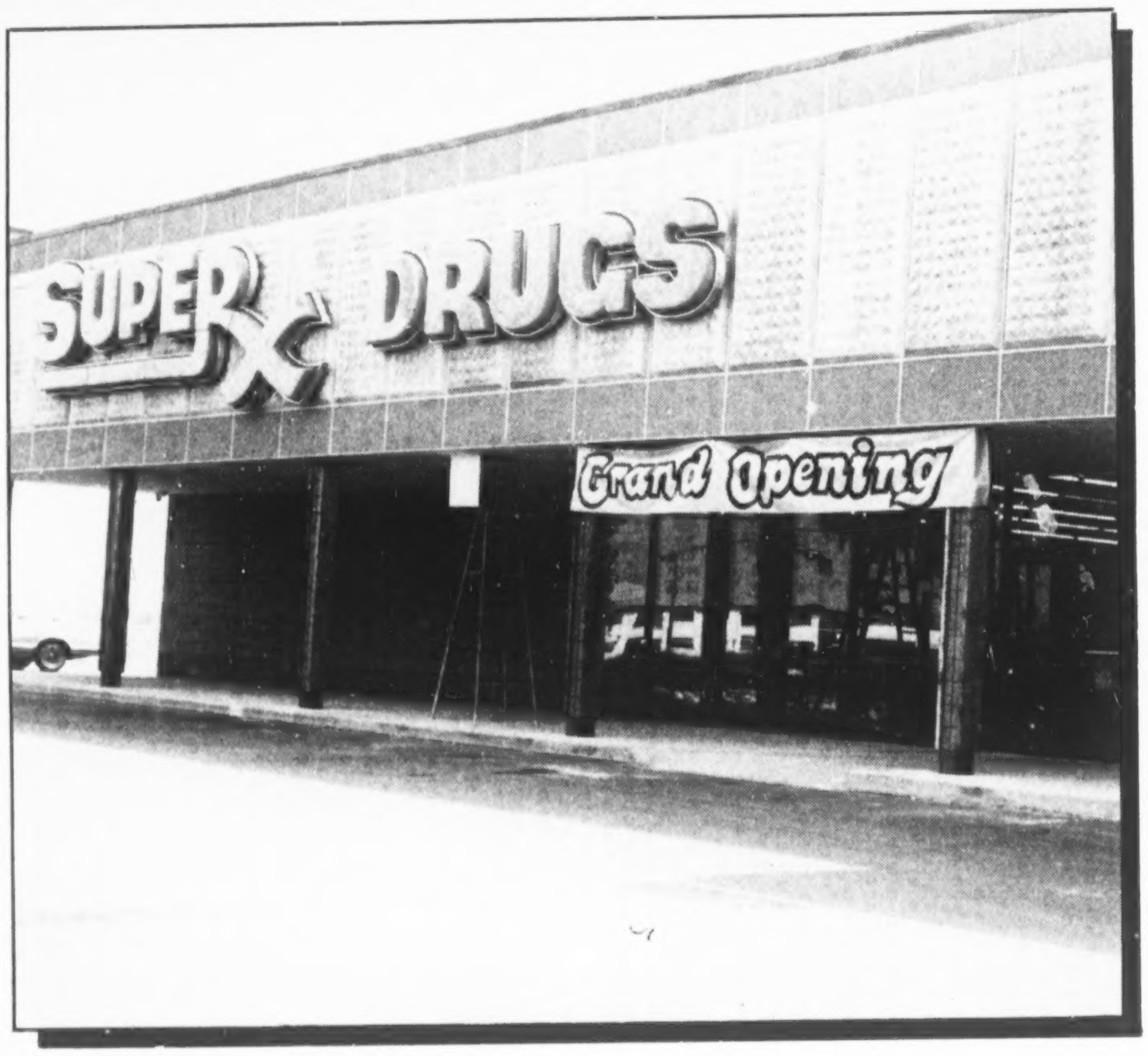
*Canadian dollars in millions
Source: Company reports

*Shoppers Drug Mart nine-month operating earnings**



*Canadian dollars in millions
Source: Company reports

SupeRx momentum continues into 1985



CINCINNATI — SupeRx, the 25-year-old, 621-drug store division of the Kroger Company, continued to develop into a strong regional drug retailer in 1984.

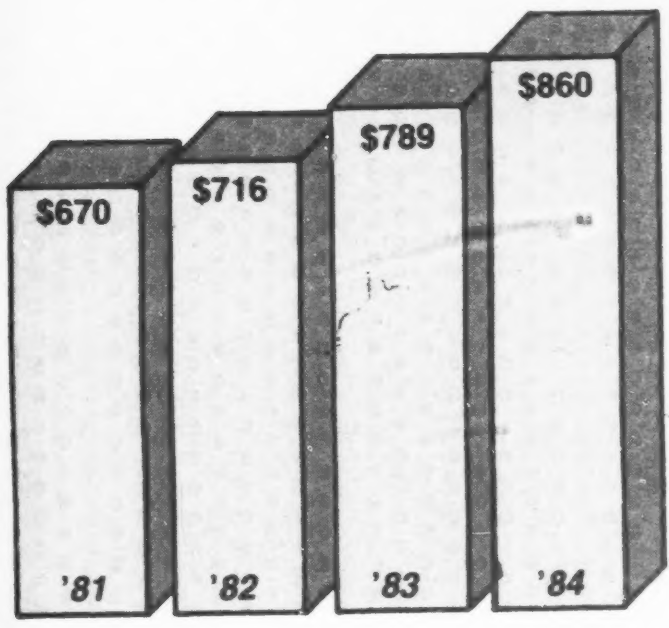
The chain, after a soft first six months, rebounded and showed sales of $859.5 million for the year ended Dec. 29, an 8.8% increase over the previous year's sales of $789.6 million.

Pretax operating profits grew 4.4% to $28.4 million, from fiscal 1983's $27.2 million. However, company officials pointed out that the 1984 results included a $5.5 million pretax LIFO charge.

SupeRx used the FIFO method in 1983 and would have shown greater operating profits in 1984 had it not switched to LIFO.

SupeRx's parent, the Kroger Company, reported its sales showed increasing momentum throughout 1984, culminating in a record sales performance in the fourth quarter. Officials say that momentum is continuing so far in 1985.

Kroger's 1984 net earnings increased 23.3% to $156.6 million on sales of $15.9 billion. Sales increased 4.5% over 1983, despite the closing of 156 food stores during the year. Supermarket square footage declined approximately 5% during the year.


SupeRx sales soar

Sales in millions
Source: Company reports

The company's capital expenditure program reached $285 million in 1984. Kroger opened 46 new food stores and 29 SupeRx drug stores, finishing the year with 1,318 supermarkets, 443 convenience stores and 621 drug stores.

During 1985, the company expects to build 53 new supermarkets, 30 drug stores and 43 convenience stores.

In February 1985, the Kroger Company acquired the 314-unit Hook Drug Store chain, headquartered in Indianapolis. The deal was a cash and stock transaction valued at approximately $161 million.

These acquired stores will not become SupeRx stores, but will retain their present name. "It is important that Hook's is able to maintain its strong and visible identity in the communities it serves, and no changes are planned in the company's existing management and organization," claimed Lyle Everingham, Kroger's chairman and ceo at the time of the acquisition.

In March of last year, the Kroger Company launched a new replenishment system that's designed to save about $12 million a year in SupeRx stores alone.

The system consolidates all replenishment buying for both SupeRx and Kroger under one roof.

Kroger's Peyton Group, a wholly owned subsidiary, takes the responsibility for this replenishment buying.

Officials claim that this system, once it gets running at full potential, will save a minimum of $20,000 per store per year.

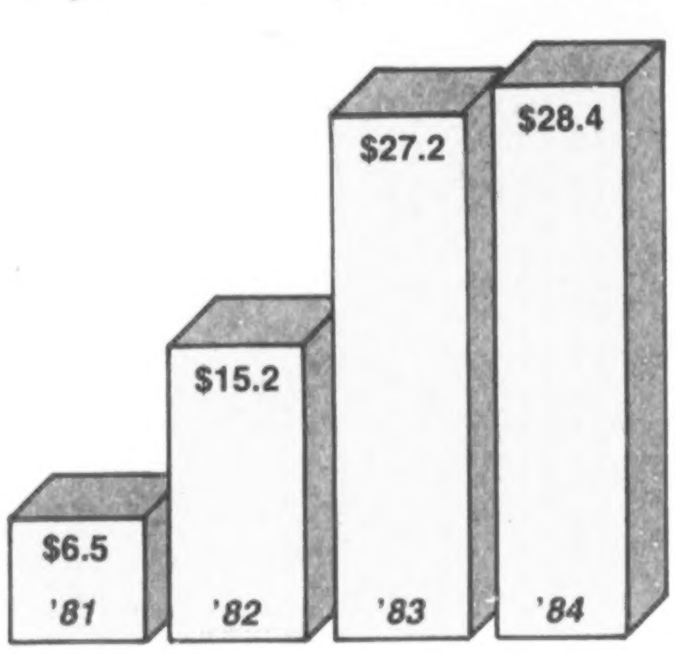
Enter home care

SupeRx entered the home health care business for the first time last year when it opened a 3,300-sq.-ft. in-store department in Nashville. That city was chosen for the new department because of SupeRx's strong identity in that market.

Testing of scanning equipment continued through the year at SupeRx, and officials say they are eager to find an appropriate system so a total roll-out can begin. "We're interested in developing a system that can do our gross profit testing for us," claims one official.

The early haphazard growth pattern that SupeRx followed for many years appears to have ended. Instead of spreading drug stores too thin in too many markets, the company has been making a concentrated effort to cluster stores and create a deeper penetration in the strong markets they already serve.

As this process continues in 1985, the economies of scale will help strengthen the division's bottom line.


SupeRx earnings climb slowly

Pretax earnings in millions
Source: Company reports

SUPER Rx DRUGS

Peoples acquires Pa. market leader

ALEXANDRIA, Va. — Last year it was the acquiree. This year, bankrolled by its new parent, Imasco Ltd., Peoples Drug Stores played the opposite role and acquired the 134-unit Rea and Derick drug chain.

Following the sale of Peoples last year to the Montreal-based Imasco, Sheldon "Bud" Fantle, Peoples chairman, president and ceo, said that the chain would "be able to move forward at a much more rapid pace."

Considering the actions Peoples has taken in the past year, Fantle wasn't exaggerating. In addition to purchasing Rea and Derick from American Stores for $85 million, Peoples opened its first deep-discount drug store (appropriately named Bud's), unveiled two new home health care stores, entered the fast-food business with the opening of Hardee's restaurants in two stores and added approximately 50 more new drug stores.

PEOPLES
PEOPLES
INSTANT SPRAY STARCH
INSTANT SPRAY STARCH
with SILICONES added
Just Spray and Iron
CAUTION
NET WT. 22 OZ. (1 LB. 6 OZ.)

Through the first nine months of the current fiscal year, Peoples recorded operating earnings of $34.1 million on sales of $744 million.

For the third quarter, ended Dec. 31, Peoples posted operating earnings of $16.6 million on sales of $291 million. Same-store sales for the third quarter were up 9%.

Peoples' acquisition of Rea and Derick provides Peoples with considerable coverage in central and southern Pennsylvania, where Rea and Derick is considered the market leader.

While some of the Peoples drug stores are located in the Rea and Derick markets, chain officials are leaning toward retaining the Rea and Derick name because it is such a dominant force. The only exception is in the Lancaster, York and Harrisburg markets, where about 30 Rea and Derick stores will be converted to the Peoples name.

Peoples intends to maintain a separate buying staff at Rea and Derick. The chain named Jim Johnston, formerly regional vp, to the post of coo and divisional president of Rea and Derick, replacing Larry LaRock, who returned to American Stores. Johnston was joined by Jon Rudden, who was named assistant vp and general merchandise manager.

Bud's unveiled

On the deep-discount front, Peoples late in the fall unveiled a new 35,000-sq.-ft. off-price prototype called Bud's in Greenbelt, Md. Following its successful test, Peoples is poised to introduce Bud's into other markets. The chain plans to bring Bud's to Indianapolis in June, and a second unit is scheduled to debut in that city during the fall of 1985.

Peoples added two more home health care stores during the year, bringing the number of those stores up to four. At least five more are in the planning stages for the coming fiscal year.

PEOPLES
ONLY
99¢ EACH
superAngle
TOOTHBRUSHES
If you like
superAngle
superAngle

The Alexandria-based chain also plans an aggressive store expansion program for its conventional drug stores, with more than 50 openings planned.

During the year, Peoples continued to consolidate more of its Haag stores in Indiana to the Peoples name. In addition, the chain also completed major remodeling efforts with the Baltimore Sav-A-Lot stores, acquired in 1983.

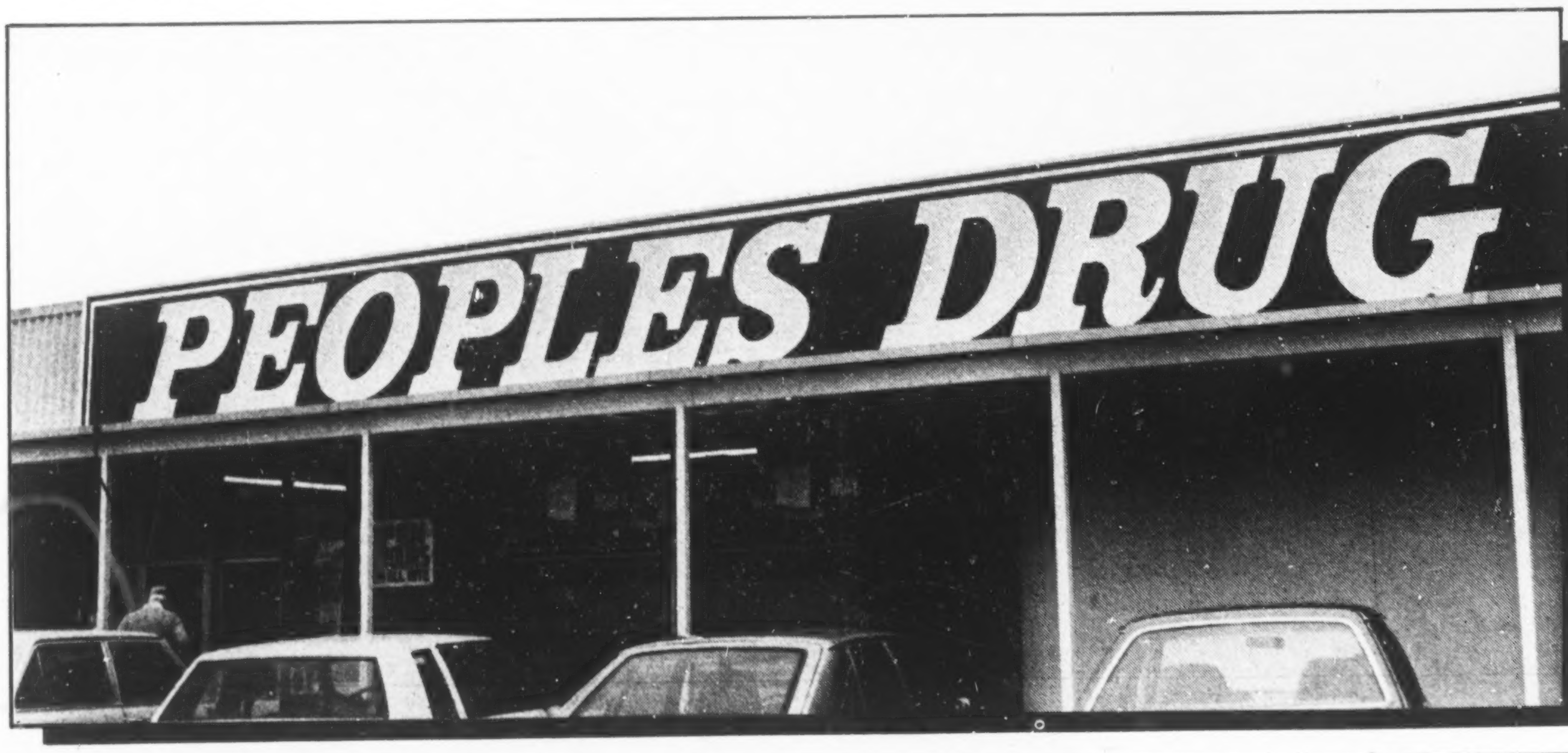
In other areas of specialty retailing, Peoples will wind up the year with four Smiles gift and stationery stores. Several more are on the drawing board for next year.

The chain also earlier this month entered the fast-food business. Peoples began testing hamburger restaurants in two locations with Hardee's Food Systems, a sister division in the Imasco family.

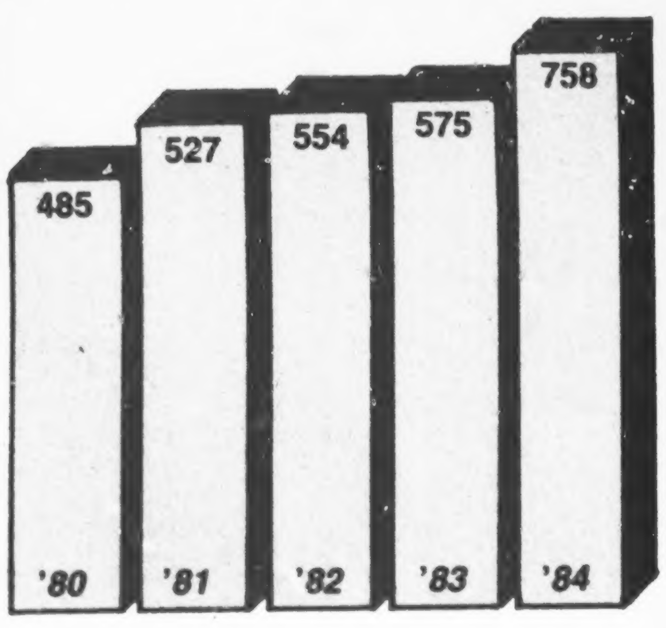
Both Hardee's units are separated by a wall from the drug stores. Ray Orndorff, Peoples' director of retail food operations, is overseeing the operation of the restaurants.

Plans call for Peoples to open at least seven more Hardee's in the coming year.

Peoples also expects to open at least 13 more optical departments during the next fiscal year. Currently, 55 of the Peoples drug stores contain optical departments.

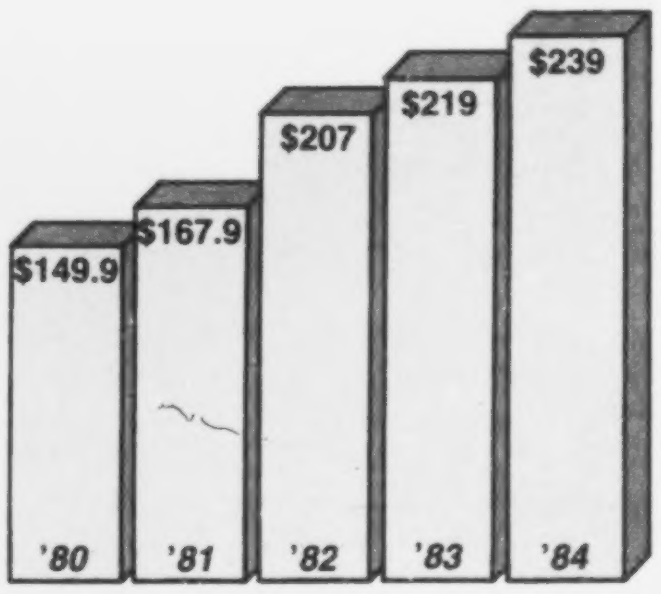


Peoples five-year store growth



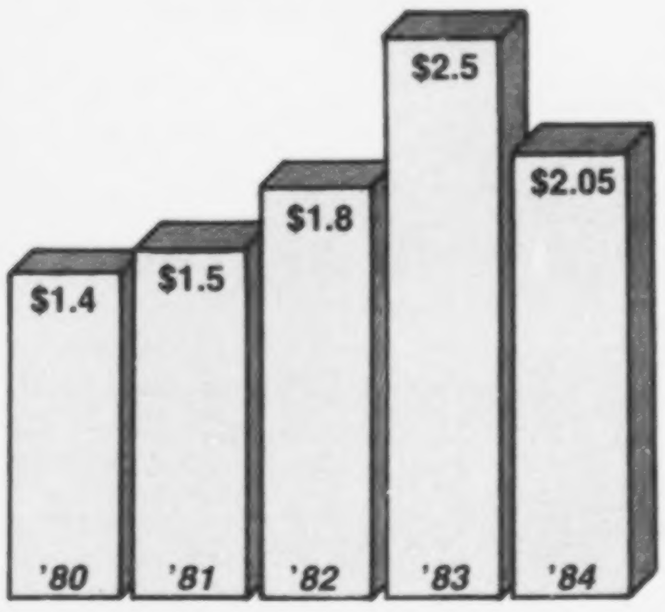
Source: Company reports

Adams: Pantry Pride's surprise buy



Adams Drug nine-month sales

Nine months ended Sept. 30
in millions
Source: Company reports



Adams Drug nine-month earnings

Nine months ended Sept. 30
in millions
Source: company reports

PAWTUCKET, R.I. — The acquisition of Adams Drug in November by Pantry Pride Inc. took many industry observers by surprise.

Pantry Pride, a struggling supermarket chain, emerged from Chapter 11 bankruptcy proceedings three years ago considerably smaller and its future very much in doubt. It had retreated from the New York and mid-Atlantic markets to concentrate its efforts primarily in the Sunbelt states of Florida and Georgia.

The $100 million purchase of the New England-based Adams Drug seemed a strange fit. But clearly, Pantry Pride's strategy was to diversify into the mainstream of retailing.

The company is currently negotiating the sale of its 44-store Jacksonville, Fla., division, which would leave Pantry Pride with only 36 supermarkets. And there is some speculation that the company is looking to abandon the supermarket business entirely.

Armed with sizable tax-loss carryforwards from the bankruptcy proceedings, Pantry Pride earlier in the year paid $82 million for Devon Stores, a chain of general merchandise stores that operate near military bases.

Adams was an attractive property for Pantry Pride. The chain operates 443 drug and health & beauty aids stores in Massachusetts, Rhode Island, Pennsylvania and New York.

Through the first nine months of the fiscal year, sales increased 9.1% to $239 million from $219 million the previous year. Net earnings were down 19.6% to $2.05 million from $2.5 million in 1983.

Pantry Pride said that if Adams had continued to finish out its fiscal year, the chain would have posted a 16.5% increase in sales to $332.1 million and a 12% increase in net income to $18.5 million.

During the year, Adams consolidated more of its stores under the Brooks name. The chain also accelerated the conversion of its health & beauty aids stores to full-service pharmacies. At the close of 1984, more than 70% of its stores contained pharmacies.

In 1985, Adams plans to open approximately 25 new stores. The chain also has slated 40 to 50 stores for remodeling. An additional 20 health & beauty aids stores will be converted to pharmacy units this year as well.

When the Salmanson family announced their intentions to sell the drug chain, there was some speculation that another drug retailer would emerge as a suitor, possibly signaling a change in management at the 52-year-old chain.

However, Pantry Pride's decision to purchase the chain has solidified the positions of several leading executives at Adams.

New posts

Earlier this year, Pantry Pride named James Salmanson, formerly executive vp, to the post of vice chairman. The parent company also promoted Arthur Villeneuve and George Neville to executive vp's. Both had served as senior vp's.

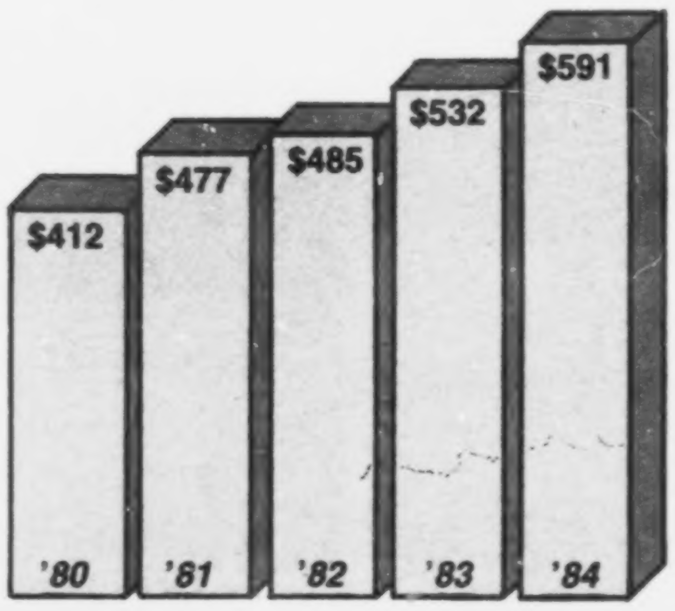
Aside from the management changes, Pantry Pride has done little to alter operations at Adams, with the exception of converting the drug chain to the FIFO method of valuing inventory from LIFO. The conversion resulted in a $25 million write-up in inventory levels.

Pantry Pride has also been preoccupied with its own internal problems since acquiring Adams. Shortly before the purchase was finalized, principals of its Devon Stores subsidiary staged a proxy fight to topple Pantry Pride's chairman and ceo, Grant Gentry.

Management at Pantry Pride won the bitter proxy battle, but at a cost of nearly $2.8 million.

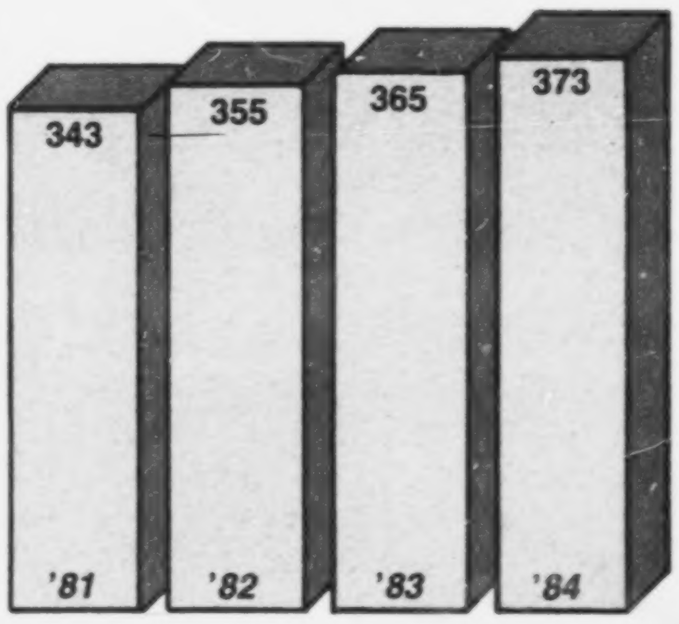
The cost of the proxy contest depressed earnings through the first two quarters of the year. Pantry Pride reported that six-month net income was down 16% to $4.6 million from $5.5 million the previous year. Sales for the period were up 18.8% to $487.6 million from $410.3 the previous year.

Thrift cuts costs, remodels 27 units



Thrift sales approach $600 million

Sales in millions
Source: Company reports



Thrift store count climbs to 373

Number of stores
Source: Company reports

PITTSBURGH — Record sales and improved control over operating expenses combined to give Thrift Drug its highest profits ever in 1984.

The J. C. Penney subsidiary showed a yearly sales figure of $591 million, up 11% from $532 million in 1983. The same-store increase was 9.9%.

Thrift Drug, also operating as Treasury Drug Centers, was operating 373 stores in 20 states at year's end. During the year the company opened 16 drug stores and closed six. In 1985, 20 new stores are scheduled to open.

Continuing its plan to upgrade existing stores, the company remodeled 27 units during the year, and plans to do the same with 25 stores in 1985.

A typical Thrift, or Treasury, drug store is an 8,500-sq.-ft. unit averaging about $1.7 million in sales per year.

The company's annual sales per square foot was $180 in 1984.

During the year, about 83% of the company's total volume was handled through its three distribution centers. Overall, at year's end, space in the warehouse distribution centers totaled 781,000 sq. ft.

The company dispensed 17.2 million prescriptions in 1984, an increase of 16% over 1983. Thrift, one of the leaders in pharmacy computerization, had 346 of 373 Thrift and Treasury stores equipped with terminals at year-end. Prescriptions accounted for 34% of Thrift's total sales, the same as in 1983.

Substantial growth also occurred in Thrift's mail-order pharmacy business. During the year, this segment of the company teamed up with several major industrial companies to provide low-cost mail-order scripts to employees of those companies.

"The nature of this business is high volume," a spokesman added.

Two officials of the Pittsburgh-based Thrift Drug stores were also busy this year organizing chain drug store support to help save the Pittsburgh School of Pharmacy.

The school, experiencing financial difficulties, was in danger of closing its doors until Donald Bell, vp public affairs, and Francis Marasco, vp personnel, stepped in to help.

"The pharmacy school at Pitt is very important to the profession," said Bell. "Most of the major chains depend on the school for pharmacists. We cannot allow the school to close."

Aside from his own Thrift chain, Bell has organized several major chains, a manufacturer, a wholesaler and the NACDS into a group that will present an endowment fund to the school. The goal is to have $200,000 in that fund at the end of three years.

The group also used political clout to lobby the university officials into seeking several ways of saving the school.

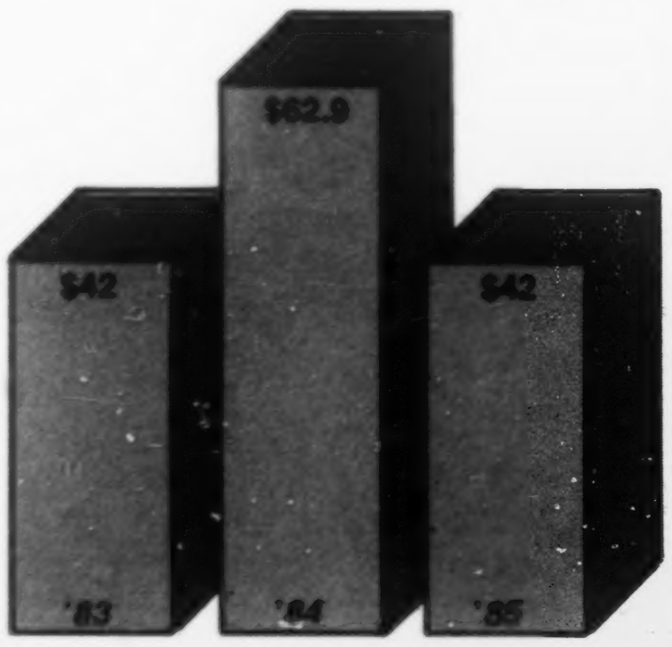
Thrift's parent, the J. C. Penney Company, also reached all-time high sales figures for 1984. Including catalog sales, the company showed sales of $13.5 billion, an increase of 11.4% over 1983's figures.

However, the company's earnings declined 6.9% to $435 million from $467 million.

Penney officials attribute that decrease to heavy markdowns of merchandise during the fourth quarter when the anticipated surge in seasonal sales did not materialize for the company. The effect was a buildup of inventories and competitive pressures which accelerated markdown and promotional activity.

Revco D.S. falters despite high hopes

Revco nine month earnings*



*restated to reflect Odd Lot acquisition
(in millions)
Source: Company reports

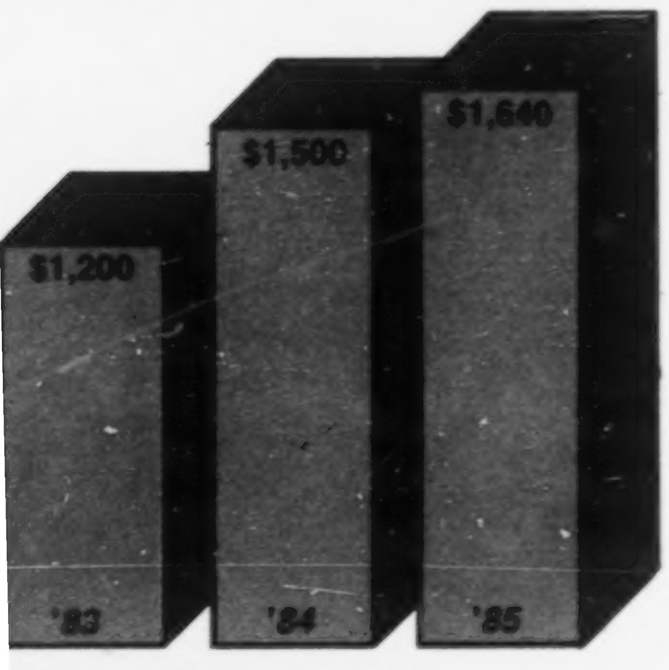
TWINSBURG, Ohio — After reaching the climactic $2 billion sales mark during fiscal 1984, Revco D.S. seemed on the threshold of even greater growth in sales and earnings via expansion of its drug stores and carefully calculated diversification moves. Instead, the company that operates more drug stores than any other drug chain in the U.S. stumbled.

Through the first three quarters of the year, ended Feb. 9, 1985, net income plunged 33% to $42 million, or $1.14 a share, from $63 million, or $1.71 a share the previous year. Sales for the first three quarters of the year were up 9% to $1.64 billion from $1.5 billion the previous year. However, when measured on a same-store basis, sales were up an anemic 5.6%.

How did things turn from good to bad so fast? While no one factor was wholly responsible for Revco's startling downturn, its fourth-quarter acquisition of Odd Lot Trading has been the biggest thorn in Revco's side.

After more than two years of joint ventures with Odd Lot, Revco in April purchased the close-out retailer and wholesaler in a stock transaction valued at approximately $114 million. The two principals of Odd Lot, Bernard Marden and Isaac Perlmutter, received nearly 12% of Revco's common stock outstanding.

Revco Nine Months Sales*



Restated to reflect Odd Lot acquisition
in millions)
Source: Company reports

Two months later. Marden and Perlmutter launched a campaign to wrest control of Revco from Sidney Dworkin, the chain's chairman, president and ceo. The battle dragged on through the summer, and one of the casualties was Elliot Dworkin, Revco's vp of marketing and director of purchasing.

An internal committee investigating possible inefficient purchasing procedures, as charged by the two Odd Lot principals, recommended several changes. Among the changes was the appointment of Daniel Horwitz to vp of merchandising and purchasing, replacing Dworkin, who remained senior vp of marketing.

Stock plunge

In the midst of the Odd Lot struggle, Revco also had serious problems on its hands from another division. A vitamin supplement manufactured by Revco's Carter-Glougau pharmaceutical subsidiary was recalled after being linked to the deaths of several premature infants. Although Revco is adequately insured to cover any potential lawsuits, the incident clearly put the company on the defensive. Moreover, following news of the recall, Revco's stock plunged.

REVCO
prescriptions
Drop Off
Pick Up
QUALITY FILM PROCESSING
REDUCED FOR QUICK CLEARANCE

During the chain's annual meeting in September, Revco's chairman, Sidney Dworkin, exhibited complete control of the chain, deftly answering questions concerning Odd Lot, as well as the Carter-Glougau incident. The much-awaited proxy fight between Revco and Marden and Perlmutter never materialized.

However, following a dismal second quarter in which net income plunged 43% to $10.4 million, compared with $18.3 million the previous year, management took several steps to reverse the downturn.

With Odd Lot continuing to show steep declines both in its retail stores division and wholesale division, Tangible Industries, Revco fired Marden and Perlmutter. Stephen Adler, executive vp at Odd lot, was named to oversee retail store operations and Leo Kaye was appointed to head Tangible Industries. Kaye was subsequently replaced by Peter Laitmon.

Rekindle sales

Revco also acted to rekindle sales in its drug stores. Reacting to inroads made by deep discounters, supermarkets and discount chains, Revco lowered prices on 3,000 health & beauty aids in more than 200 stores in six markets.

Revco is hopeful that the price cuts, which were enacted in Cleveland, Detroit, Pittsburgh, Youngstown, Baltimore and Erie, Pa., will have the same effect on sales as its pharmacy discounting program. Revco's pharmacy price cuts in more than half of its markets contributed in part to a 12.6% same-store, pharmacy department sales increase during the chain's recent third quarter.

With management conceding that earnings will also be off during the fourth quarter, analysts expect a turnaround at Revco some time during the first or second quarter of next year.

In addition to seeing the results of some of its corrective measures that already have been taken, Revco expects that the 160 new stores it opened during the first three quarters of the year will be up and running.

Through the first three quarters, Revco opened 116 drug stores and 44 Odd Lot stores, bringing its total store count to 1,867 stores.

REVCO DRUGS
VISIT OUR NEW convenient food dept.

American acts to unify 3 drug divisions

SALT LAKE CITY — Fiscal 1984 was a year of dramatic consolidation for American Stores' retail drug store subsidiaries.

In addition to divesting itself of the 134-unit Rea and Derick drug chain in mid-November, American also began taking steps to integrate its three remaining drug store subsidiaries, Osco, Sav-On and Skaggs, into one unified division.

American is in the process of converting all of its 108 Skaggs stores into Oscos. A few Sav-Ons have also been converted to Osco, but a company spokesman said a final decision on the remaining 176 Sav-On's would not be made until the end of fiscal 1986.

The Sav-On name is well established in southern California where the stores are concentrated, and American must weigh the advantages of establishing a common identity and a shared logo against the disadvantages of relinquishing an established name in a highly concentrated market.

With 530 drug stores in 30 states, American could build a strong regional identity for its drug stores if it opted to go with a common name and format.

There would be enormous savings from reduced overhead, plus the company could eliminate many services now duplicated in the divisions. It would also be more efficient and cost effective to advertise for one company rather than two.

The California stores as they are now run, however, are responsive to regional preferences and demographic trends. If the Sav-On stores were run as clones of Osco, they would inevitably lose some of their flexibility and responsiveness. It would be much harder to create a merchandise mix that would work as effectively in California as it might in Chicago Osco's headquarters or Salt Lake City, where American's corporate headquarters are located.

Also, Sav-On is currently in the hands of relatively new management. Dick George, who heads the Osco subsidiary, was recently named president of the Sav-On subsidiary too. George replaces Sam Parker, who left the company last month.

Sav-On also has a new vp of distribution, Ed McManus, who is doing double duty as director of warehouse operations; a new vp of marketing, Larry LaRock, who had been president of the Rea and Derick division, which was sold to People's Drug last year, and there are two men, Ross Coon and Dan Ramirez, pharmacy buyers/supervisors, who were just promoted to share the responsibility of the office of vp of professional services.

The new team will be trying to centralize the Sav-On purchasing and computer systems plus identify and liquidate underachieving stores.

American stores stable of retail formats

Combination food/drug stores		Food stores		Drug stores	
Company	*Number of stores*	*Company*	*Number of stores*	*Company*	*Number of stores*
Buttery Food/Drug	34	*Acme*	321	*Osco*	246
Buttery/Osco	1	*Alpha Beta*	244	*Sav-On*	176
Jewel/Osco	118	*Buttery*	20	*Skaggs*	108
Skaggs/Alpha Beta	92	*Star Markets*	45		
		Jewel	101		
Total	245	*Total*	731	*Total*	530

OSCO
Coming Soon

Sav-On's distribution system also has been earmarked for a major overhaul, and there is talk that American may launch a price discounting campaign on health & beauty aids and other high visibility items to try to re-establish Sav-On as a price leader in the southern California market.

At Skaggs, sources expect George to centralize the division which has traditionally been run as a decentralized chain.

Like the managers of Longs stores, Skaggs managers have enormous discretionary powers. They can arrange their own buys and pretty much determine their own layouts.

When American acquired Osco through its merger with Jewel earlier in 1984, it acquired a much more centralized company, and sources expect George to use the experience and skills acquired with Jewel to further the consolidation of Skaggs.

Management admits, however, that the process will take time, and that's another reason why Sav-On will continue to function as an independent entity at least for the rest of this year.

245 combos

In addition to Osco, American's strongest vehicle for drug store retailing is its chain of 245 food/drug combination stores.

The combination stores, which are operated under the names Skaggs/Alpha Beta, Jewel/Osco and Buttery Food and Drug, are estimated to do somewhere between $4.9 billion and $6.3 billion a year in sales. Sources estimate that anywhere from 25% to 35% of that business comes from sales of drug store-related products like pharmaceuticals, over-the-counter drugs, health & beauty aids and sundries and other general merchandise.

The combination stores are expected to be American's major growth vehicle from now until at least the end of the decade.

The company is also continuing to beef up its drug store-related products in its regular and super food stores. Currently there are a total of 731 food stores in the company operating under the various names of Acme, Alpha Beta, Buttery, Jewel and Star Markets.

American does not break down its sales volumes by division, but sources familiar with the company estimate that the 245 combination stores are doing nearly three times the annual dollar volume of the 530 traditional and superdrug stores and nearly twice the volume of the 731 food stores.

For fiscal 1985 ended Feb. 2, American generated sales of $12.1 billion and net earnings of $185.5 million.

THANKS FOR SHOPPING
SKAGGS

1/2 OFF
NOW WERE
Sav•on

Begley seeks to brighten profit picture

RICHMOND — The Begley Drug Company ended its first three quarters of fiscal 1984 with sales 8% ahead of the same three quarters of 1983.

Sales for the first nine months of the company's year climbed to $50.1 million, up from last year's $46.5 million.

However, the sales increases were accompanied by an 11.7% drop in net income, from $726,000 last year to $641,000 for fiscal 1984.

Making a turnaround from a poor second quarter, Begley showed sales for the three months ended Dec. 31, 1984, at $19.1 million, compared to $17.6 million for the same period last year, an increase of almost 9%.

Sales that fell short of projections in December are being blamed for the 4% decrease in the third quarter's net income.

The company explained that net income before taxes was slightly ahead of the figure recorded for the same quarter last year. Net income after taxes, however, was marginally lower than it was for the same period last year because the company did not have the quantity of tax credits available to it that it had in the previous year's quarter.

Officials expect sales during the fourth quarter to come close to projections with profits above those of last year.

In fiscal 1983, the company earned $733,460 on total corporate sales of $61.5 million.

The Begley Drug Company is divided into two divisions, retail and industrial.

The retail division includes the 47 drug stores and five home health care centers. The industrial division includes the 123 Big B, Key and Superior dry cleaning stores in nine states; B & B Equipment and Supply, a distributor of dry cleaning equipment and supplies, and Convenience Manufacturing Corporation, a manufacturer of drive-in windows.

Two of the drug stores contain Radio Shack franchise departments.

During the past year, the retail division opened an additional home health care unit, and in April revealed a coordinated approach to its home health care promotional efforts.

At that time, Begley instituted a convalescent aids marketing program that included planogrammed departments for all stores, centralized buying and a beefed up advertising budget.

In August, the company opened its fourth convenience food department. The refrigerated section is located at the front of the store near the entrance for an easy in and easy out traffic flow.

Management has been happy with the results from these convenience food sections and plans to open four more this year.

Begley is currently reworking two other high-margin departments in its stores: photo finishing and greeting cards.

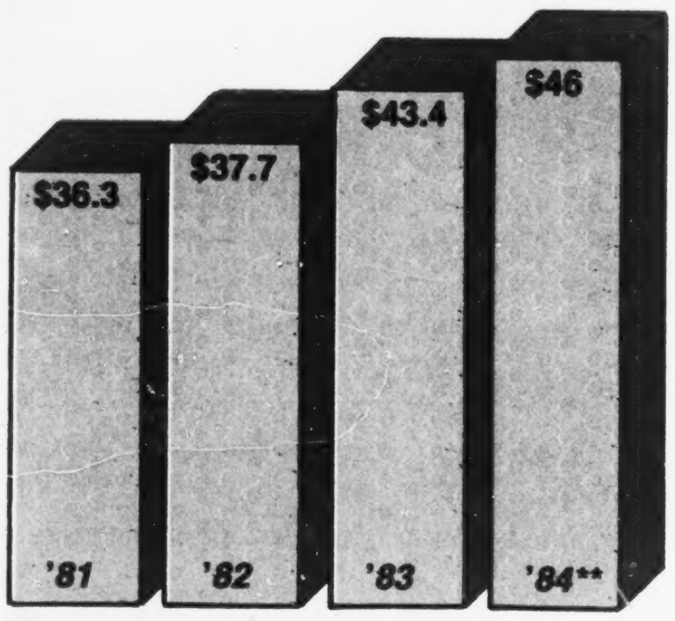
The photo departments have already been reworked in 30 stores. The new 8-ft. photo sections have been moved to the front of the stores near the checkouts.

The chain has also been converting its American Greetings departments into an all-up program to reduce inventories and to improve turns. The newly fixtured sections have been moved to the high-traffic areas of each store.

Begley Drug stores operate in an area dominated by major discount store chains including K mart, Wal-Mart, Rose's and Hecks. That discounting competition has hurt Begley's bottom line.

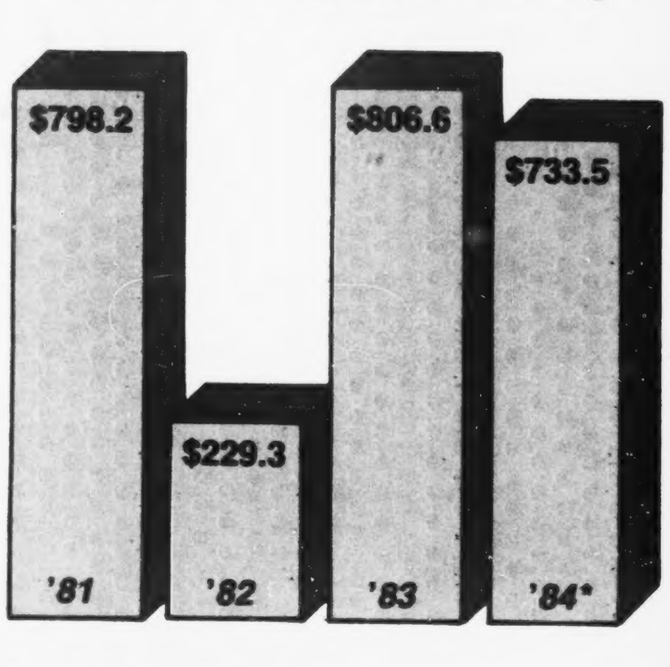
To convince customers that Begley can be just as competitive as any other store, the company has rolled back prices on the fastest-moving, most-visible item in the store.

Begley product sales*



Source: Company reports
*Includes drug stores and home health centers
**For year ended March 31, 1984
Sales in millions

Begley's corporate earnings



Source: Company reports
*For year ended March 31, 1984
Earnings in thousands

Sales top $20M for Genovese 60th

MELVILLE, N.Y. — The 76-store Genovese Drug chain celebrated its 60th anniversary last year with a variety of events and promotions. The chain also topped $20 million in sales for the first time.

Sales for the company's fiscal year grew to $220.3 million from the previous year's $193.7 million, a 13.7% increase. Profits showed a 7.2% increase during the year to $4.1 million, or $1.03 a share, up from $3.9 million and 96¢ a share in fiscal 1983.

For the fourth quarter, which ended Feb. 1, 1985, sales grew 4% to $56.8 million while earnings decreased about 1.5% from last year's same quarter.

"Overall, we had a strong year in 1984," says Don Gross, vp marketing and distribution. "But sales toward the latter part of the year were not as strong as we had anticipated."

Gross attributes those slow sales to the chain's growing competition, which he describes as "getting tougher and tougher."

He points out that Genovese's major competitors in the areas it serves, New York, Connecticut, New Jersey and Massachusetts, are the big supermarket chains, especially Pathmark.

"Strong competition is putting a tough squeeze on every retailer's bottom line," adds Gross. "And it's going to be the same in 1985. This year is going to really test the mettle of the retailer."

During 1984, Genovese opened four new stores, and since Jan. 1, has added two more. Gross says plans for the year include opening eight to 10 more stores in the markets in which the company already has strong penetration, namely, Brooklyn, Queens, Long Island and Staten Island.

In July 1984, the company opened its first full-line auto department in the 3,000-sq.-ft. lower level of a new Queens, N.Y., store it opened. The department, with its own name of Genovese Auto Warehouse, is heavily skewed to the do-it-yourselfer.

Another Genovese Auto Warehouse was opened later in the year in the company's new 24,000-sq.-ft. store in Lindenhurst, N.Y. That new auto department is approximately 3,500 sq. ft.

With the opening of that new Lindenhurst store, Genovese also opened its second major home health care department. That department, or store within a store as company officials like to call it, is also 3,500 sq. ft. In December 1983, the first Genovese Home Health Care Center opened within a store in the same community where Joseph Genovese opened his first drug store in 1924.

The health care centers carry full lines of durable medical equipment, orthotic and ostomy products and a wide variety of nondurable items.

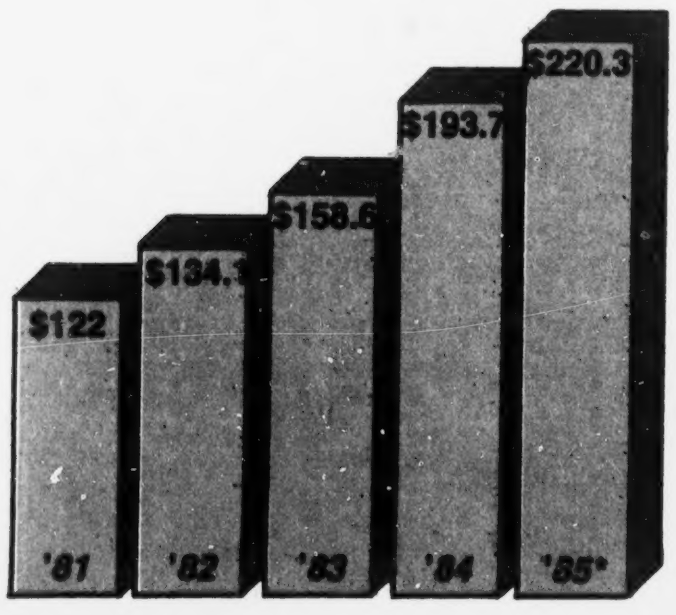
Another milestone has also been reached for Genovese. All 76 store pharmacies have been computerized.

The company held two special events during the year to celebrate its 60th anniversary. In January 1984, a major trade show was held with executives, store managers and suppliers being invited to attend. In July, singer Paul Anka was the entertainment at a gala that capped the celebration.

During the company's official six-month celebration, television advertising and in-store promotion were used to help increase the chain's awareness with the consumer and to build a stronger local image.

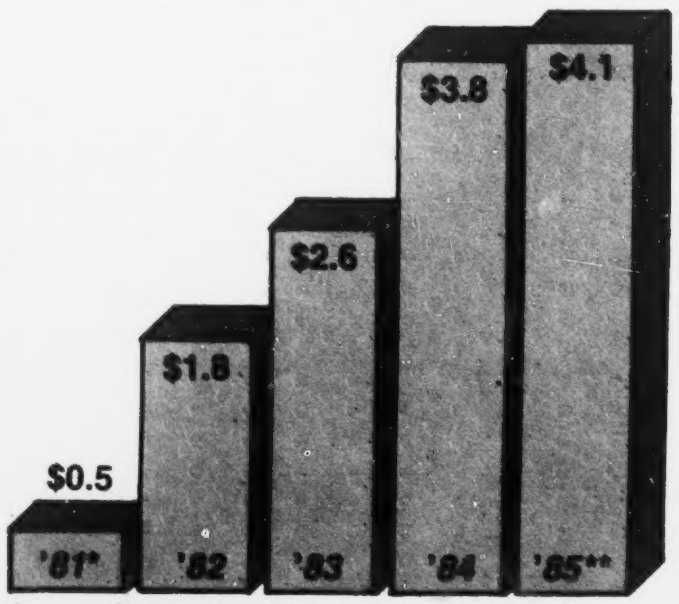
In merchandising, the company made a concentrated effort to obtain the hot items, such as Trivial Pursuit, and to promote them very strongly. One official stated that the purpose of this strategy was simple. "When it comes Christmas, a shopper will remember we had the hard-to-find goods and she'll come back to us."

Sales top $200 million mark



Source: Company reports
Sales in millions
*Fiscal year ended Feb. 1, 1985

Genovese earnings up 7%



Source: Company reports
*Adopted LIFO method
Earnings in millions
**Fiscal year ended Feb. 1, 1985

Healthnet concept boosts Perry's '84

PONTIAC, Mich. — Vigorous sales, improved profitability and a move into a new field of business highlighted Perry Drug's fiscal 1984.

Total sales for the year reached $372 million, up 30% from 1983, and net earnings hit an all-time high of $7.6 million, a 68% increase over 1983's $4.5 million.

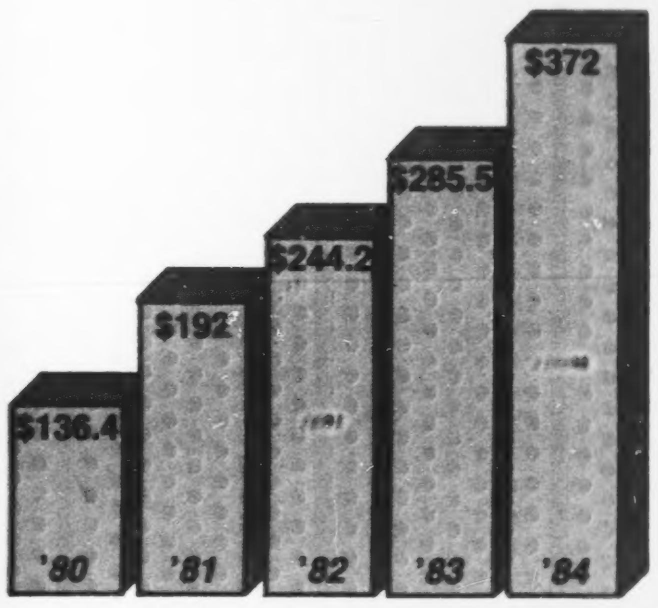
For the fiscal year, which ended Oct. 31, 1984, Perry's earnings per share, assuming full dilution, were $1.26, a 34% increase over the 94¢ for the corresponding 1983 period.

The 1984 growth in earnings outpaced sales increases by a margin of more than 2 to 1, and for the second consecutive year, earnings increased by about 60%. The net after-tax return as a per cent of sales improved from 1.6% to 2.1%, a 31% increase.

The company points to aggressive marketing and strategically planned advertising programs as the principal factors behind 1984's record-breaking results.

During the year, Perry made significant progress in the installation of a pharmacy computer system. Ninety-six terminals were added last year, bringing the total of computerized pharmacies to 88% of all drug stores. The company projects that all pharmacies will be computerized during 1985.

Perry sales hit $372 million



Sales in millions
Source: Company reports

What Perry describes as the focal point of its drug store division, its strong pharmacy, showed sales totaling $68.6 million, an increase of 22% over 1983. Prescription sales accounted for 18% of all the company's revenues. More than six million scripts were filled.

Auto stores booming

Perry's auto parts division, which opened its first freestanding Auto Works store less than 2½ years ago, showed fiscal 1984 sales of almost $81 million, about 22% of all Perry revenues.

The company increased its average sales per square foot in its drug stores to $254, and increased the auto parts stores square foot average to $147.

The cost of goods sold by all three Perry divisions decreased to 68.9%, down from 70.1% in 1983. According to Perry, the decrease is primarily the result of the increased proportion of higher-margin automotive items.

Warehouse, store operations and administrative expenses were 27.2% of sales in 1984, up from 26.2% in 1983. Company officials attribute that slight increase to additional advertising as a per cent of sales.

Since the beginning of fiscal 1984 to date, Perry has opened 32 new Auto Works stores and has acquired 52 additional auto parts stores. It has opened 15 new drug stores, opened another A. L. Price deep discount store and has acquired 44 additional drug stores.

During 1984, Perry reorganized its company into three divisions: drug store, auto parts and home health care.

Perry entered the home health care business in mid-June 1984, when it acquired a suburban Detroit clinical laboratory, Bioanalytical Procedures. Since then, Bioanalytical has opened two blood drawing centers in Perry drug stores and has opened an additional laboratory.

Perry also acquired Flint Medical and Surgical Supply Company as part of its Cook Drug company acquisition and has opened a Perry ComfortCare store and several in-store departments, offering a full line of home health care durable and nondurable goods.

Another health care business announced during fiscal 1984 was an institutional pharmacy named Comprehensive Pharmacy Services.

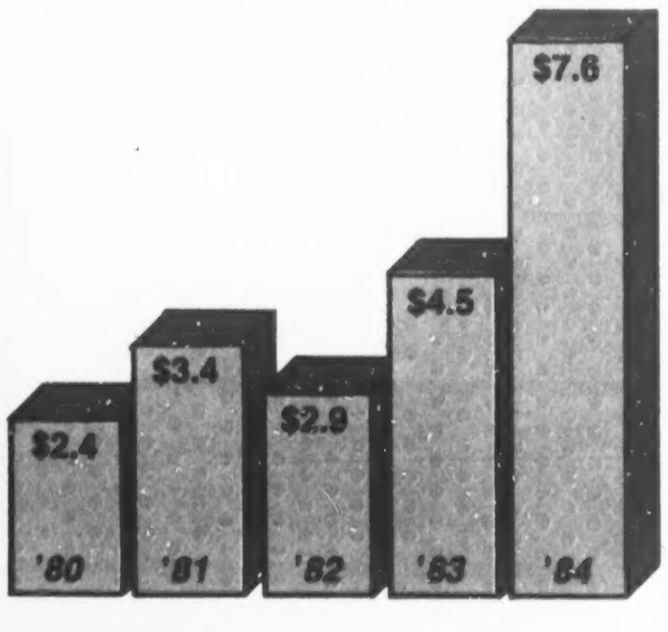
Convenient Family Dentistry centers are located inside four of Perry's metropolitan Detroit drug stores.

All Perry health care services have been organized under "Healthnet," a single source concept of providing the services to its customers.

Perry management is projecting an even more active and profitable 1985 for the company. At the March annual meeting, Perry Drug chairman and ceo Jack Robinson projected that this year's sales will reach $495 million.

During the first quarter of fiscal 1985, Perry continued to set records in sales and earnings. First-quarter sales reached $121 million, an increase of 26% over last year's first quarter. Earnings hit $3.5 million, 8% more than the same quarter last year.

Earnings increase 68% at Perry



in millions
Source: Company reports

LIQUOR
perry
PERRY
DRUGS
DISCOUNT AUTO PARTS

Fay's fares well despite competition

LIVERPOOL, N.Y. — Despite a decline in fourth-quarter net earnings, Fay's Drug Co. achieved record financial results for the year ended Jan. 31.

Sales for the year increased 17% to $367 million from $312 million in the previous fiscal year, while earnings rose 7% to $8.7 million, or 62¢ a share, from $8.1 million, or 60¢ a share.

In the fourth quarter, however, earnings dipped to $3.3 million, or 24¢ a share, from $3.8 million, or 27¢ a share, in the same year-earlier period. Sales, meanwhile, increased 19% to $109 million from $92 million.

Chairman Henry A. Panasci, while calling the year's performance "rewarding," noted that sales did not meet earlier expectations.

"The last six months of the fiscal year," Panasci said, "saw a very competitive retailing environment, which resulted in a slowdown in sales of general merchandise and increased promotion and advertising expenditures necessary to achieve the revenue results that were obtained.

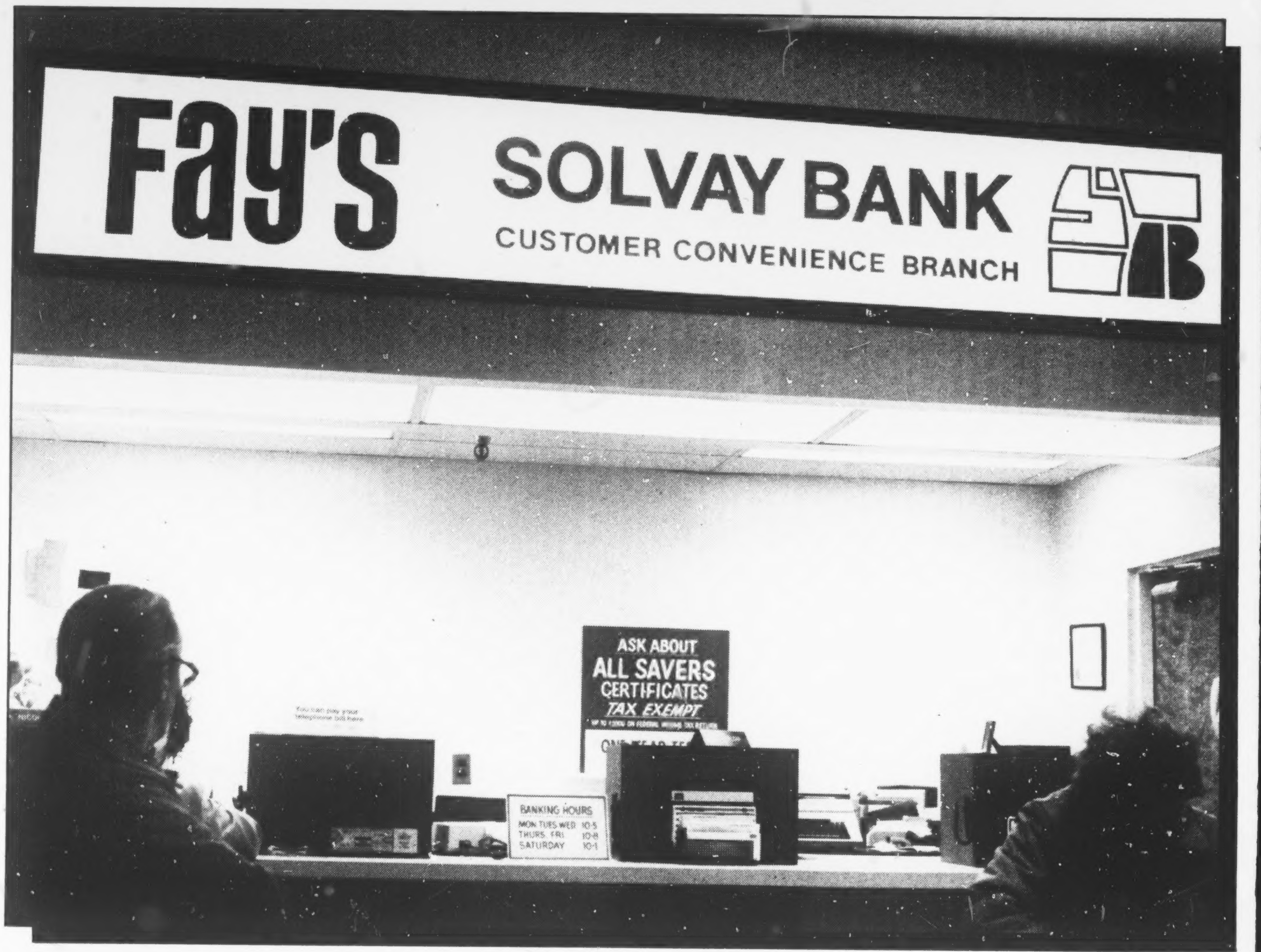
"Additional promotions resulted in lower gross margins as a result of markdowns required to maintain a balanced inventory position."

Panasci said the competitive environment remained heated during the early part of the new fiscal year, and he anticipated "constrained results" through July.

Although overall gains in the second half were muted, Panasci noted that the company's "most important core category," prescriptions, increased in sales by 29% for the year, "far surpassing national averages." In contrast, chain drug prescription sales increased 13% in 1984.

Panasci also noted that Fay's achieved its store opening goal with 17 new super discount drug units, three bantam drug stores and three specialty stores, including the first discount auto parts store and the first office supply store.

Panasci also pointed out that opening expenses for the new specialty stores had contributed to the "disappointing" fourth quarter earnings.



Fay's has targeted a growth goal of 20 drug stores and 10 specialty retail stores for the current fiscal year.

Like other chain drug companies, Fay's in 1984 launched a diversification program into other forms of specialty retailing.

The move began in the fall with the acquisition of Jay Jay's, a 30,000-sq.-ft.-deep discount store without pharmacy in Syracuse, N.Y. A month later, the company unveiled two new specialty retailing units in the same shopping center in Albany, N.Y.—Wheels, a 15,000-sq.-ft. auto parts store, and The Paper Cutter, also 15,000 sq. ft. and specializing in paper products, including books, stationery, greeting cards, party goods and office supplies. Both ventures, according to Panasci, were examples of the chain's strategy of breaking into other retailing areas that "offer the opportunity to easily transfer our skills and expertise to other profit centers."

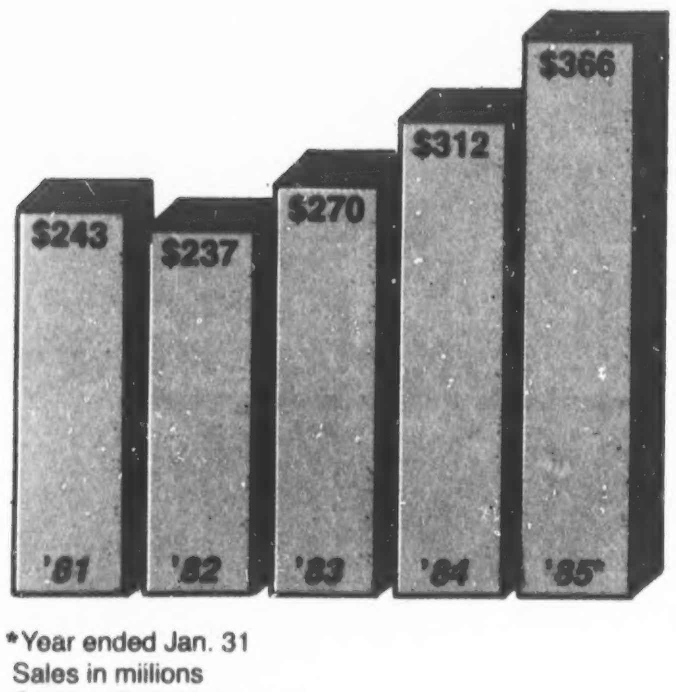
In addition, the new retailing ventures allow the chain to take advantage of shopping center sites barred to a Fay's drug store because they already have drug stores.

In February, with the start of its new fiscal year, Fay's lashed back at the growing competition in one of the toughest retail environments in the country—Rochester, N.Y. There, Fay's tangles not only with conventional retail drug competitors but also with supermarkets, mass merchandisers and deep discount stores.

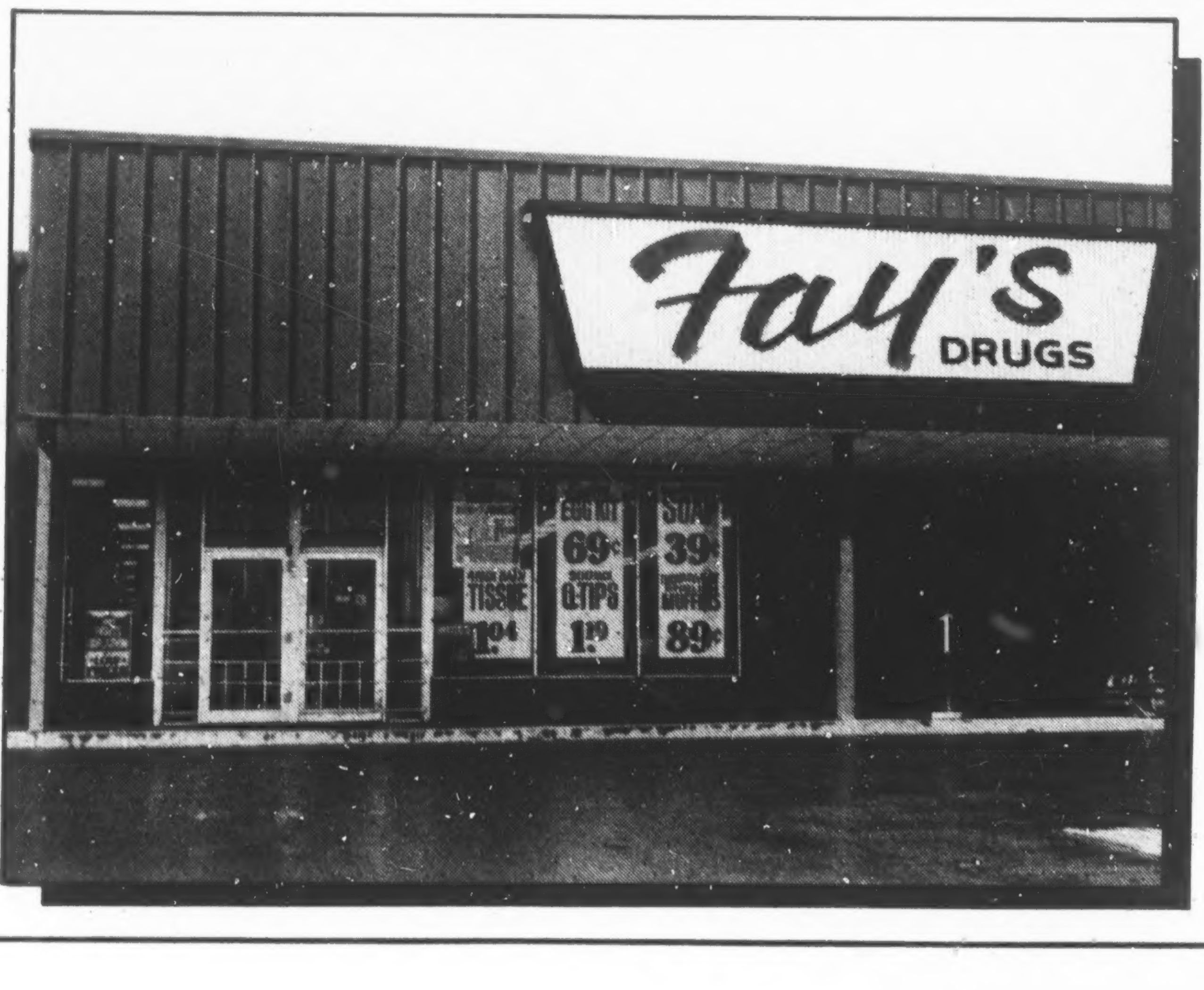
In the face of this competition, Fay's launched a price war, rolling back prices on 8,100 products—every sku in stock.

Dan Herrmann, president of the chain, was confident that the strategy would work. "We're going as deep on prices as the best-run deep-discount stores," he said. "Our margins will be lower, but the increased volume should maintain and maybe even increase profits."

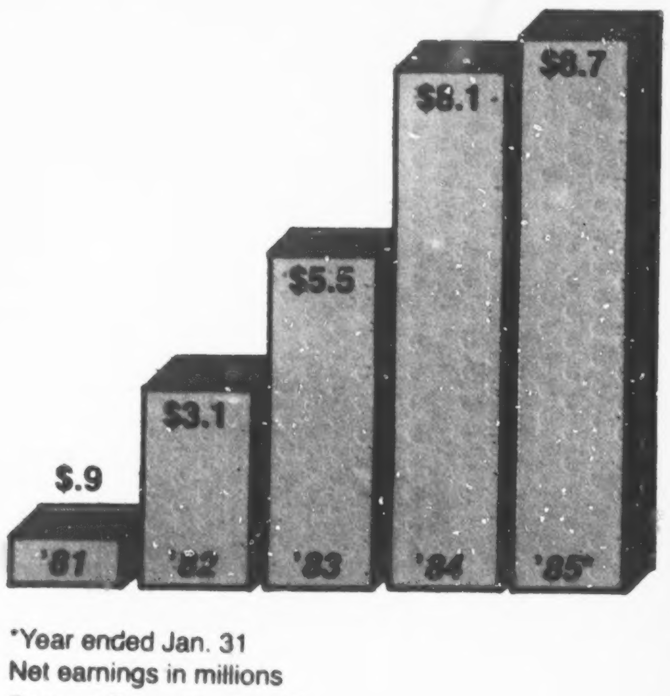
Revenues up 17% at Fay's



*Year ended Jan. 31
Sales in millions
Source: Company reports



Fay's earnings rise 7%



*Year ended Jan. 31
Net earnings in millions
Source: Company reports

Expansion nets record year for Longs

WALNUT CREEK, Calif. — Longs Drug Stores ended fiscal 1985 with record sales and earnings, as well as a sharply increased store count. The indications are for more of the same this year.

For the 53-week year ended Jan. 26, earnings were up 10% to $40.1 million, or $3.77 a share, from $36.4 million, or $3.43 a share, in the previous 52-week year. Sales for the year increased 13.3% to $1.38 billion from $1.21 billion.

During the year, Longs opened 13 new stores, sharply higher than the seven opening during the previous year. The company plans an even more aggressive expansion schedule this year, with 16 stores slated to open their doors.

Part of that expansion includes a new market—Colorado—which the chain has targeted as a natural growth area because of its rapidly growing economy, its large and diverse labor pool and heavy home building activity.

"Some of the fastest growing cities are in Colorado, and it appears that growth can be sustained," said Robert M. Long, president and ceo of the 191-store chain.

"When we add all of these plusses up and add the fact that we know we can compete in the Colorado market, we are anxious to begin serving customers in the Rocky Mountain State," Long said.

Long's Colorado venture is being focused on cities surrounding Denver, including Colorado Springs and Fort Collins, but not on the Mile-High City itself. Analysts say the strategy is to avoid Denver, where Eckerd and Pay Less both foundered, until Longs can establish a strong beachhead.

The company's strongest expansion, however, is taking place in its home state of California, and the reason is the state's tremendous population growth. From 1970 to 1980, for example, California's share of the U.S. population grew by 16%.

With an aggressive expansion schedule on the drawing boards, Longs last year made several key management changes designed to increase the overall effectiveness of merchandising, distribution and sales development and, at the same time, to identify potential new opportunities for branching out.

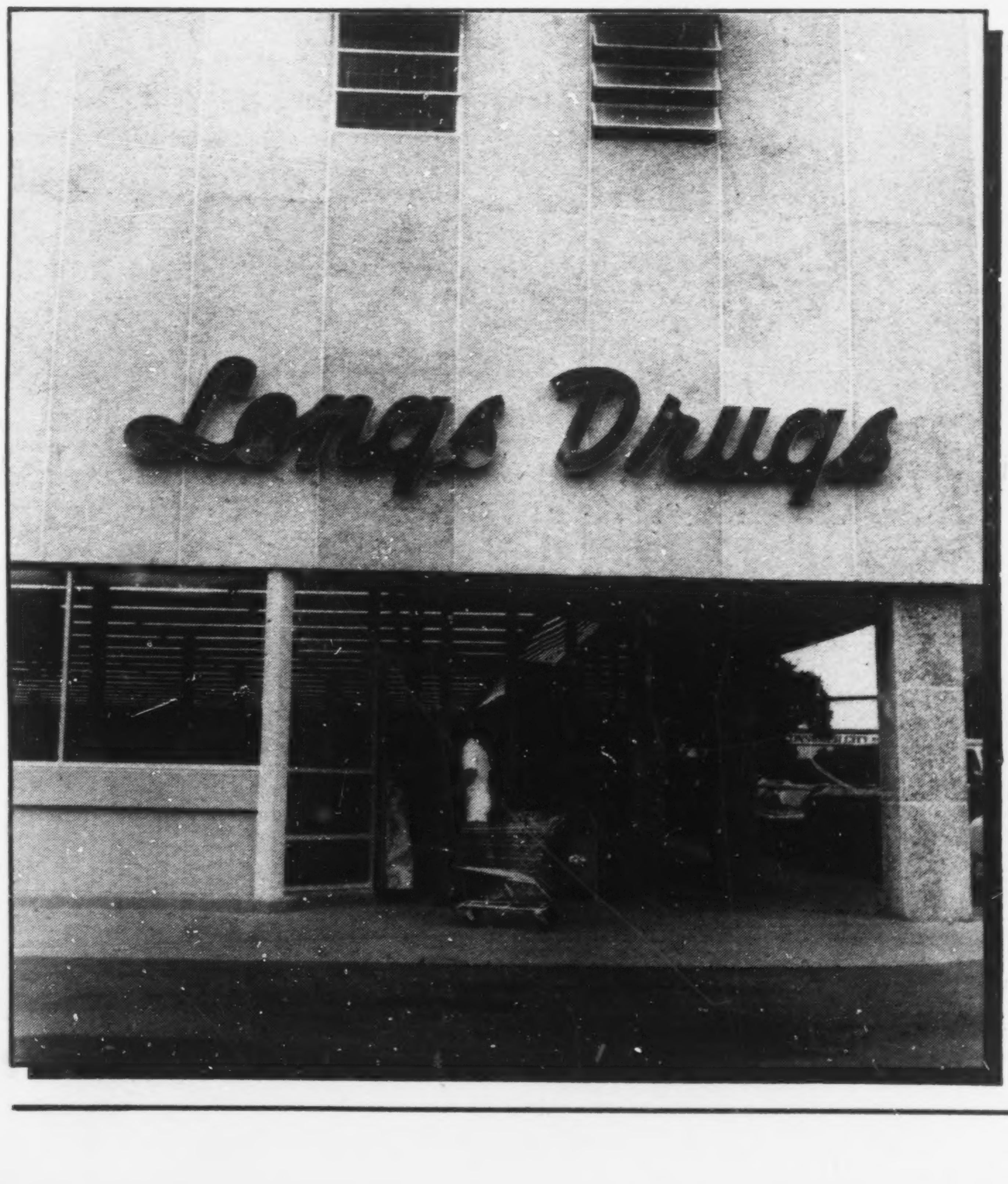
Steve Roath, who had been vp of professional affairs, was named senior vp of marketing, and Ron Plomgren, vp of properties, became senior vp of development.

The moves were seen as an effort to introduce more coordination into Longs' decentralized approach to retailing.

Photo processing is one area in which a coordinated approach was used to ensure more consistency throughout the chain. During the year, the company launched "Longs Photoworld." Executive vp Richard A. Scott said that with the new chainwide photo processing system, "customers can expect greater consistency in the products and services which are offered in every Longs store."

The chain has also taken a more coordinated approach to what it calls its "redistribution" system. While Longs remains wedded to decentralized buying and direct delivery, it has begun to increase the amount of promotional and key staple goods purchased centrally for redistribution to the stores at sizable savings.

Longs Drugs



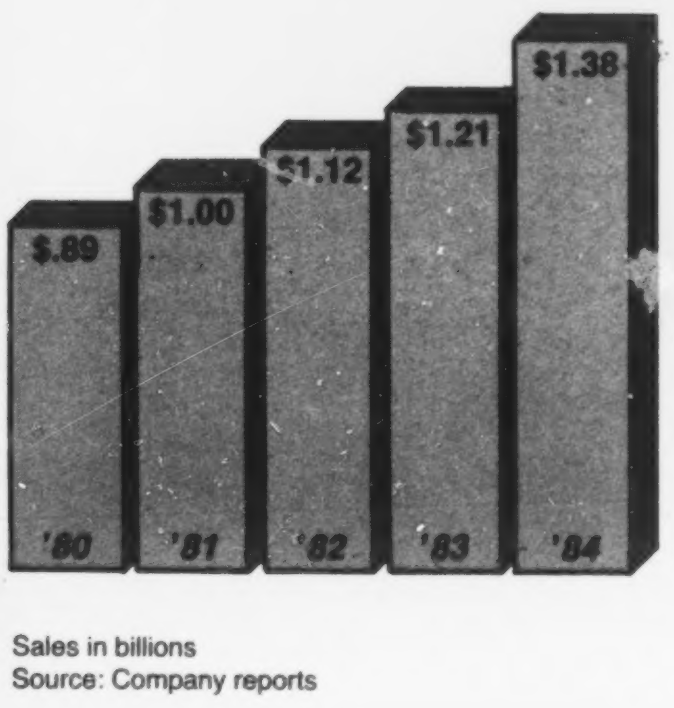
Scott said that chainwide redistribution purchases could increase to as much as 18%-20% of total purchases from 10%-11%. But Scott was quick to add that the size of the buys under the redistribution program would continue to be dictated by individual stores. "We're talking about another source of supply for our managers," he said.

Recently Longs entered ~~the~~ hot new video rental market with the installation of rental departments in more than 140 of its drug stores. Longs is operating the departments with Entertainment Rentals Inc.

Longs, which has no inventory investment in the films because it works on a percentage of the rental fees, is expected to realize as much as $1,500 to $2,000 in gross profits from the new departments.

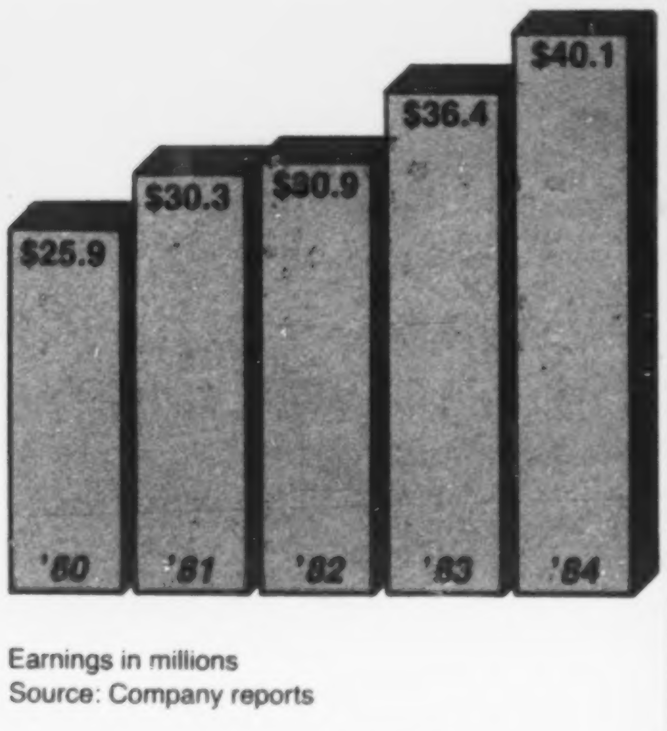
All the negotiations for installing the new video centers were worked out with individual store managers.

Sales up 13% at Longs



Sales in billions
Source: Company reports

Longs earnings increase 10%



Earnings in millions
Source: Company reports

Owner Trump may trim Pay 'n Save

SEATTLE — What a difference a year makes!

In fiscal 1984 (ended Jan. 28, 1984), Pay 'n Save had dramatically rebounded from two years of severe recession in the Pacific Northwest to boost net earnings 54% on a sales increase of 12%.

Pay 'n Save's fortunes appeared to be on a rising continuum with two subsequent acquisitions: Schuck's, the Northwest's leading auto supply chain, with a profit-to-sales ratio double that of Pay 'n Save, and Northwestern Drug, which added $130 million in volume and a state-of-the-art distribution center.

Then the clouds began to gather. The harbinger was the profit plunge of 64% in the first fiscal quarter of 1985.

The main source of the trouble was Ernst Home Centers. In an attempt to turn Ernst around, the stores were remerchandised, with sporting goods being phased out and new emphasis placed on DIY categories such as lumber, hardware, electrical, paint, doors, windows and plumbing. However, the elimination of sporting goods necessitated markdowns, and to recoup them, Ernst went to aggressive pricing on other lines, thereby reducing margins.

In addition, Ernst faced a firestorm of competition from Pay 'n Pak, operators of more than 100 home centers in six western states. Early in 1983, Pay 'n Pak dropped sporting goods and auto supplies and beefed up paint and hardware, thereby tightening the crunch.

Not long after Pay 'n Save's second quarter profits were announced (another decrease of 64%), came the offer from The Trump Group, a New York investment firm, for a leveraged buyout. After a skirmish with Samuel Stroum and Stuart Sloan (former owners of Schuck's who were Pay 'n Save's largest shareholders), Trump bought Pay 'n Save.

Inasmuch as Pay 'n Save is now a private corporation, sales and profits for the last two quarters of fiscal 1985 have not been revealed. However, best estimates are that profits were down 75% to 80% in the second half, and that sales increased 8% to 10%. This contrasts with increased sales of 18% and 14% for the first two quarters.

Julius Trump, one of the principals of The Trump Group, has restructured the responsibilities of Pay 'n Save's executives so that Trump has more direct control of the operation.

Meanwhile, problems remain. With high start-up costs and $30 million in volume needed to break even, Price Savers Membership Warehouse is in the red.

Northwestern Drug's basic problems were engendered by the circumstances of its acquisition by Pay 'n Save. That is, when a retail drug chain acquires a wholesaler, many pharmaceutical manufacturers won't ship to the wholesaler—or will ship only at retail prices.

Northwestern and its Velocity Hospital Group subsidiary received some relief when, after suing five manufacturers and NWDA, the suit was settled prior to trial. However, there are "strings" attached to the settlement with Eli Lilly and SmithKline Beckman, two major suppliers.

Lilly has agreed to supply Northwestern with a half-dozen chargeback hospital products until June 30, 1985, but none of the 300 other pharmaceuticals manufactured by Lilly. SmithKline has agreed to supply Northwestern only with hospital drugs but with no time limit.

By its own admission, Northwestern has lost 50 accounts since Pay 'n Save bought the wholesaler.

Even so, there is a bright side to Northwestern: It is now servicing Pay 'n Save and Bi-Mart drug stores as well as Ernst Home Centers, and this has resulted in cost and delivery savings.

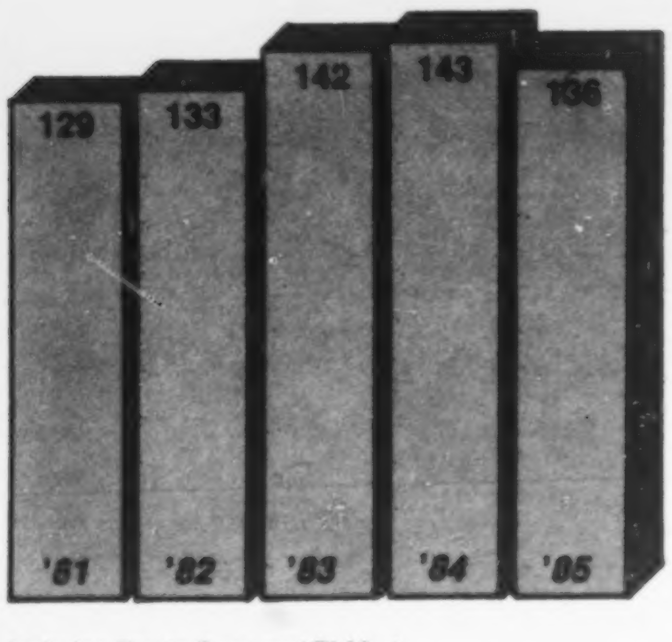
Still, Pay 'n Save faces some formidable obstacles. The principal one is the indebtedness incurred by the buyout. Total borrowing was $470 million ($370 million to take the company private and $100 million for working capital). That translates to annual payments of $50 million just to cover the cost of interest.

As a result of the debt burden, The Trump Group, through its Acquicorp subsidiary, might sell off Pay 'n Save's divisions piecemeal. The Trump Group opened the door to this possibility in its tender offer by stating "Acquicorp is considering selling one or more of the company's businesses and applying the proceeds to pay indebtedness."

Ernie Domas, security analyst for Piper, Jaffray and Hopwood, says that "the parts are worth much more than the whole," and that "Trump has a good history of real estate management because that's their specialty."

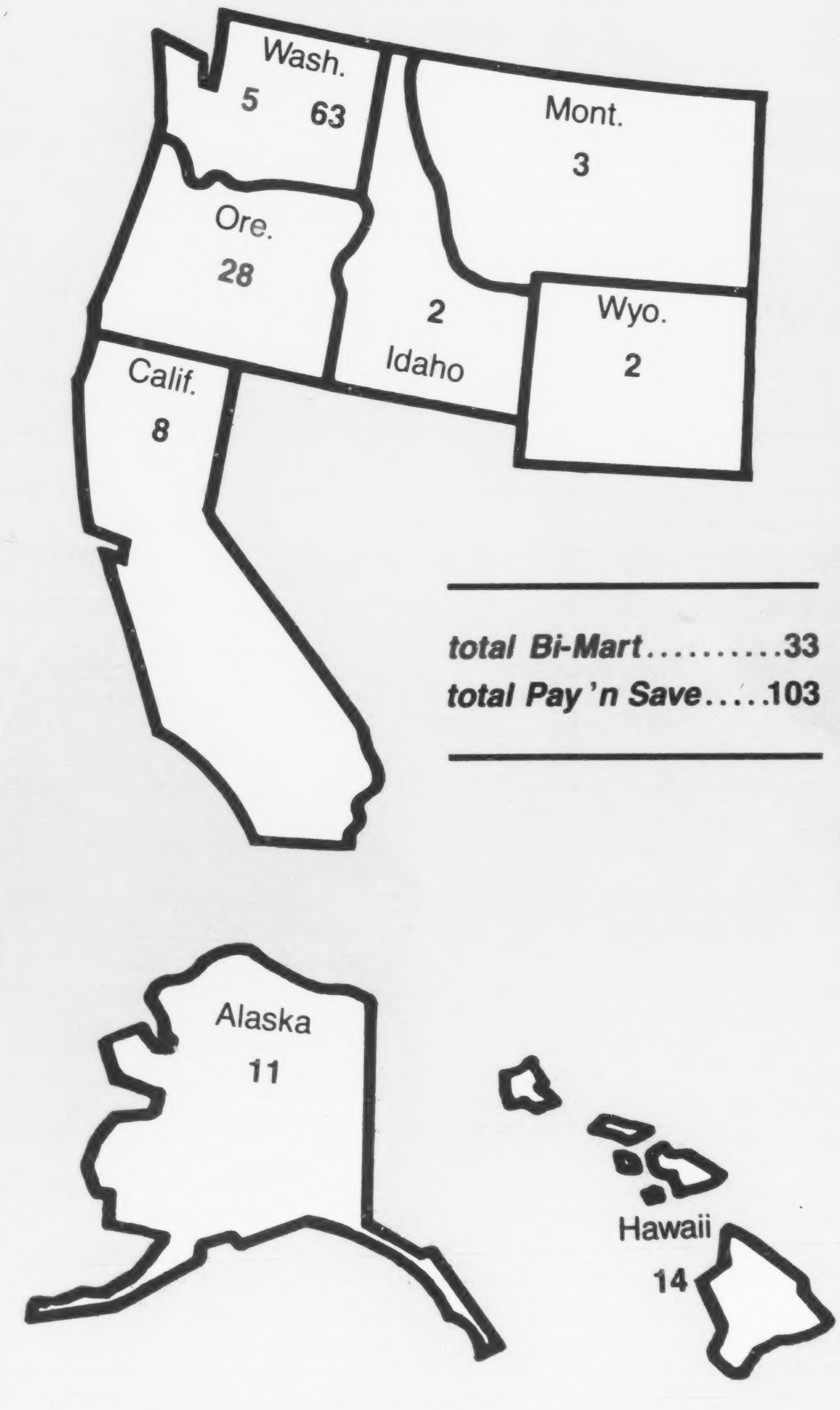
Domas adds that "there is a possibility they would hold back on selling some of their divisions—particularly Pay 'n Save and Ernst—for two years. During that time they would turn them into lean and trim operations."

Pay 'n Save store count dips



Includes Pay 'n Save and Bi-Mart
Source: Company reports

Pay 'n Save and Bi-Mart store locations



total Bi-Mart..........33
total Pay 'n Save.....103

Store expansion pays off at Big B

BIRMINGHAM, Ala. — An ambitious store expansion program last year paid early dividends for big B as sales and earnings at the chain advanced to record levels.

Net income for the year ended Feb. 2 rose 27.9% to $4.4 million from $3.5 million the previous year. On a per share basis, net income advanced to 68¢ from 53¢ last year.

The addition of 14 drug stores, one combo and a home health care center powered the chain to a 27% increase in sales to $148 million, compared with $116.9 million the previous year.

B
ONE HOUR
CLEANERS

Moreover, existing stores also continued to show strong signs of growth. Same-store sales were up more than 11% from the previous year.

During the current fiscal year, Big B is planning another ambitious store expansion program. The chain plans to open 20 new drug stores.

Two of those stores will be located in Tennessee, a new market for the 107-unit drug chain. Having expanded to the south, west and east, Big B's move northward into Tennessee is a natural extension for the chain.

Big B is also setting its sights on western Georgia and the Florida Panhandle. In fact, half of the planned store openings this year will be in those markets.

New d.c. facility

In addition to new stores, Big B is also committing substantial capital outlays to the construction of a new 240,000-sq.-ft. distribution center and office in Bessemer, Ala.

The new facility, scheduled for completion later this year, will replace the chain's 100,000-sq.-ft. Birmingham center.

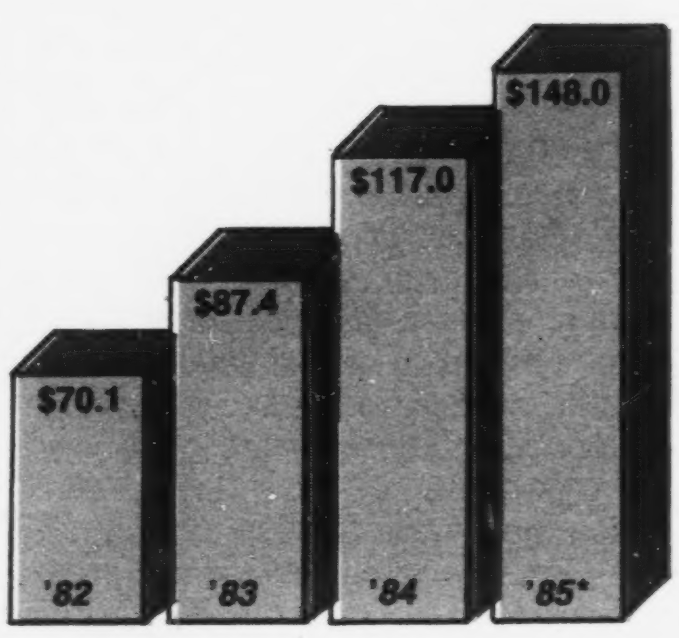
Big B has also moved aggressively in adding computers to its stores. In February 1984, the chain began rolling out a new pharmacy computer system that is capable of "communicating" with electronic POS front-end registers.

Once the on-line pharmacy computer system is fully operational chainwide, Big B will begin tying the pharmacy system to front-end registers.

Pharmacy continues to play a major role in Big B's success. This year, the chain was again able to generate double digit increases on a like-store basis.

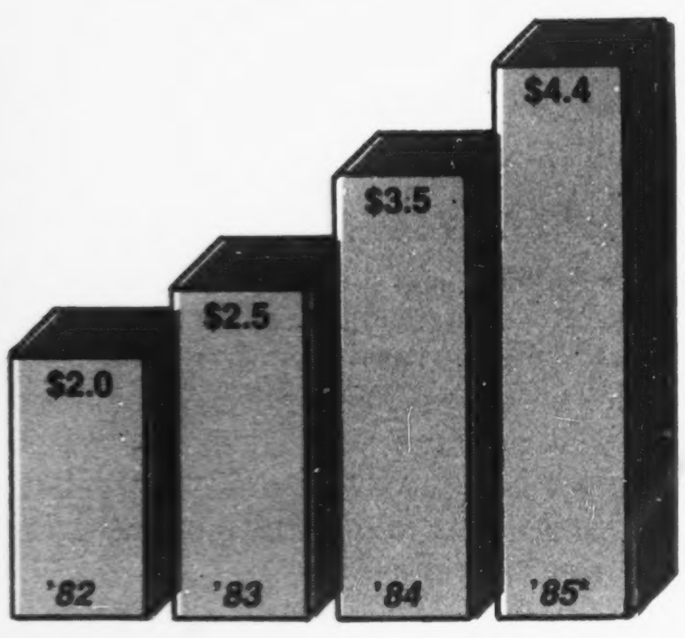
Big B's efforts to diversify appear to be on the back burner, however. Three years ago, the chain opened its first food-drug combos, called B-Mart. But the midsized combo stores have yet to turn a profit. There are currently five, with no plans for additional combos this year.

Big B sales increase 27%



Sales in millions
*Year ended Feb. 2
Source: Company reports

Earnings rise 28% at Big B



Earnings in millions
*Year ended Feb. 2
Source: Company reports

Dart focuses growth on deep discount

LANDOVER, Md. — Since last year's $160 million leveraged buyout of Dart's 78-unit drug store division, the new owners have moved aggressively to bolster the company's lagging operations in the highly competitive Washington and Richmond, Va., metro markets.

Under the leadership of Al Towle, chairman and principal stockholder of the privately held Dart Drug Stores Inc., and Stephen J. Hansbrough, president and coo, the company has opened five new stores in 1984 and plans to add an additional five in 1985.

Currently, the Dart chain has 17 drug/home center combination stores, all averaging between 30,000 and 40,000 sq. ft., five Total Plus deep-discount stores in Richmond, Va., and 56 conventional Dart drug stores averaging between 10,000 and 20,000 sq. ft.

Dart's conventional and combination drug stores will remain the chain's growth vehicle in Maryland and Washington, D.C., but the company expects to focus its growth on its mini-chain of deep-discount stores in Richmond and in all future markets.

Recently, Dart remodeled all five of its Total Plus deep-discount stores, restocked them with more than 13,000 sku's and repriced them at 30% to 50% below the local competition. And to build visibility for the mini-chain of deep-discount stores, a brand new television, radio and print campaign was launched. All of this activity centers around Towle's goal of doubling Total Plus's average $3 million to $4 million sales per stores "within the year."

In an earlier interview with *Drug Store News*, Towle noted that the chain's previous owners were only "half-heartedly" into the new ventures like deep-discount stores. Before the buyout, the former management had put most of its efforts into the rapid expansion of its Crown Book and Trak Auto companies. The drug store division had languished and operational problems like frequent out-of-stocks and poor housekeeping were increasingly becoming endemic to almost all the drug stores.

To solve those problems, Al Towle was hired last March as president of Dart's drug store division. Towle had previously served in upper management positions in two of the three leading drug chains in Washington, D.C. Before joining Dart, Towle was president of Gray Drug Fair and earlier in his career he was senior vp of marketing for Peoples.

About three months after Towle joined Dart, he and Hansbrough, who was then senior vp of distribution and data processing, led the management group's leveraged buyout of Dart's retail drug division.

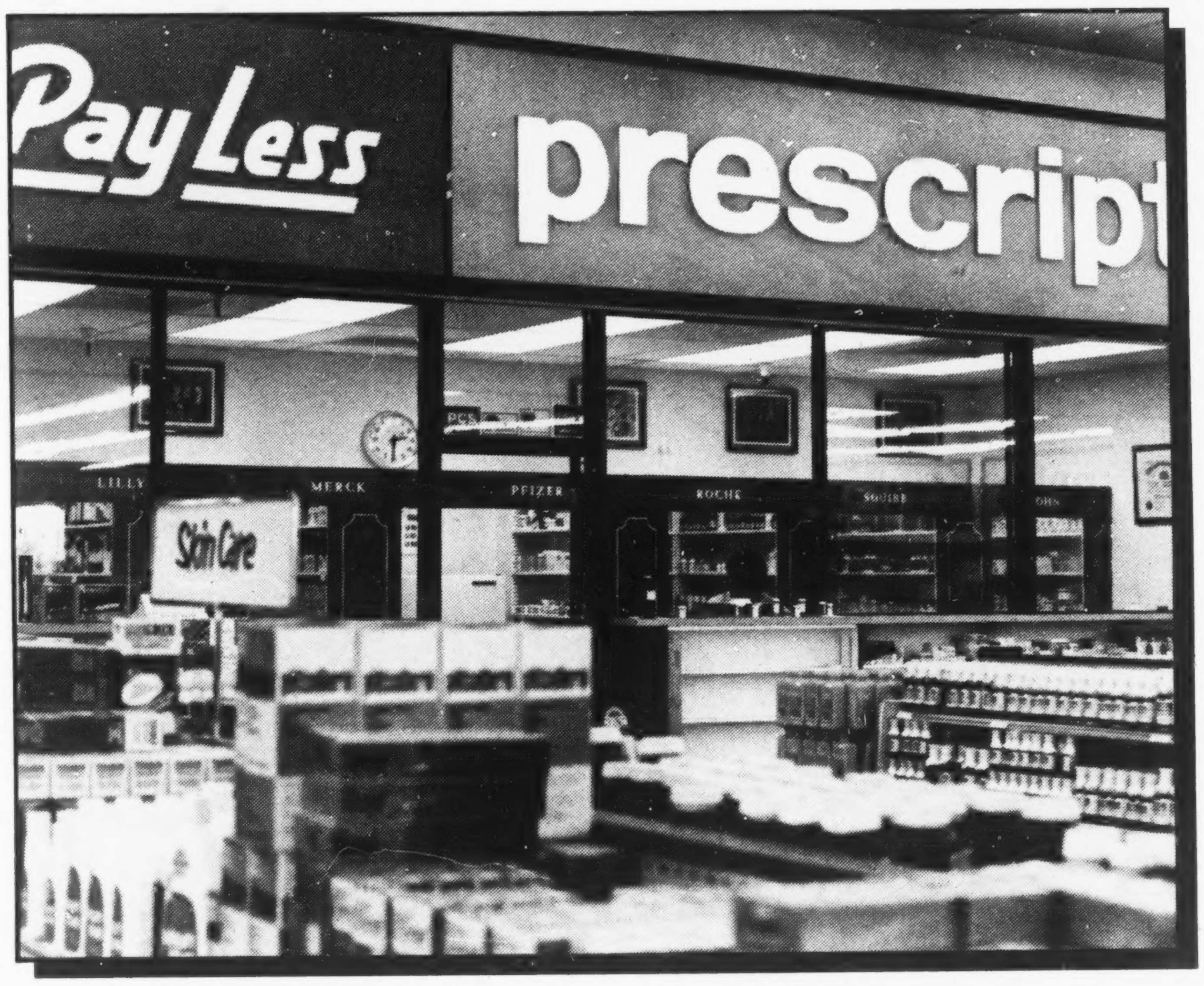
Both men immediately sought to revise the chain's entire merchandise mix, particularly the core departments, which had suffered the most under previous management. Along with revamping the merchandise mix, the new management team worked to reduce frequent out-of-stocks, cleaned up the stores and put in more clerks at checkout stands.

By most accounts, these efforts paid off. Currently, Dart's conventional drug stores do about $3 million a store, while its combos ring up about $5 million. According to Towle, the remodeled Total Plus deep-discount stores now generate between $4 million and $5 million.

In other developments, Dart is scaling down the size of its Washington, D.C., stores. In that market a smaller prototype, from 15,000 to 20,000 sq. ft., will become the norm, rather than the 40,000- to 50,000-sq.-ft. drug/home center giants that once characterized the chain.

DART
Bath Oil

Pay Less NW: Kmart's 'dream' buy



WILSONVILLE, Ore. — If, in a flight of fancy, K mart execs ever imagined a "dream" drug chain to acquire, the vision would have fit Pay Less NW.

On Feb. 2, 1985, the dream became a reality when K mart bought Pay Less for $500 million in cash, the largest sum ever paid for a pure chain drug company.

Pay Less more than justified the deal with its virtuoso performance during the last two years. In the fiscal year ended Jan. 31, 1985, Pay Less hiked profits 26% (from $24.7 million to $31 million), on a sales increase of 7.8% (from $852.9 million to $919 million). That came on the heels of an equally impressive fiscal 1984 when earnings jumped 28% on a sales rise of 9%.

With the infusion of fresh capital from K mart, Pay Less is expected to break out of its five-state territory (Oregon, Washington, California, Idaho, Nevada) and eventually become a national chain. The timetable is to first gain strong market position in all states west of the Rockies, concentrating on those states which are contiguous to its present operations. Most likely are Arizona, Montana, Wyoming and New Mexico.

Currently, Pay Less has three retail entities: the 30,000-sq.-ft. superdrug store, its cornerstone with 159 stores. Then there are three Value Giant deep discount stores which are conversions of Pay Less superdrug stores. Finally, there is Key Drug, the scaled-down version of the Pay Less superdrug store, which is geared for towns with 5,000 to 10,000 population.

Key to expansion

Key Drug is literally the key to rapid expansion. Even before the K mart acquisition, Pay Less had planned to open 100 Key stores over the next three or four years. And since K mart has indicated it is interested in more numbers, Key is in the catbird seat.

The size of Key varies according to available space. The first store was 17,000 sq. ft.; the second, 8,500 sq. ft. The chain prefers 10,000 to 12,000 sq. ft. In getting locations for Key, Pay Less will buy stores now operating, as well as vacated stores—or build from the ground up.

The mix at Key varies according to size and locale. Basically, it's a miniaturized Pay Less superdrug with the following parameters: $35,000 a week volume; 30% gross margin (three to four points higher than Pay Less); fewer loss-leaders on consumables such as food, paper, soaps, detergents and beverages and sharply reduced advertising. Another departure is that the store manager is a pharmacist.

Pay Less continues to advance on the computer front. At present, there are 75 stores on line with credit cards. The software is designed so that a clerk can punch in a credit card number and in seven seconds gets an instant validation. The software will also produce a printed voucher for the customer to sign to complete the transaction.

In addition, three Oregon stores are on debit cards with First Interstate Bank. By mid-May 1985, there will be 15 stores on the debit-card system.

The chain has also been on the cutting edge of pharmacy terminals, having gone chainwide six years ago.

The same kind of technological know-how is evident in a Pay Less distribution center in Wilsonville, Ore. (708,000 sq. ft., including mezzanine) which has become a significant profit center.

With the refinement of systems based on single-source efficiency and control, Pay Less has added more product lines, stretching Wilsonville to capacity. As a result, Pay Less leased 400,000 sq. ft. of warehouse space in the Portland area several years ago.

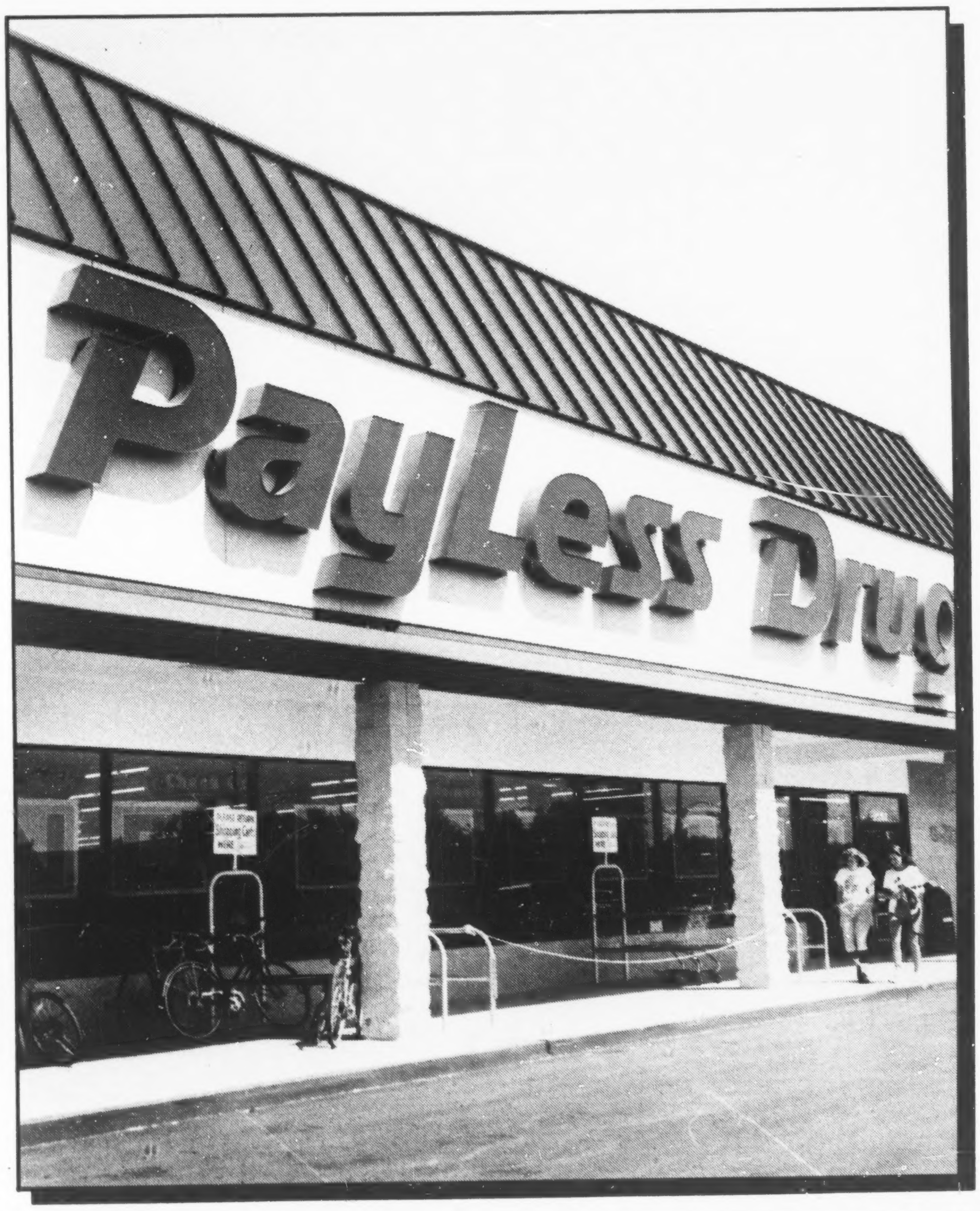
Distribution plan

With adequate land available at Wilsonville, the present distribution center was slated for expansion in 1984. However, further review of operating and transportation costs, coupled with heavy future expansion in northern California, led management to plan a distribution center in Stockton. The facility was blue-printed at 640,000 sq. ft., plus 200,000 sq. ft. of interior racks on four levels (50,000 sq. ft. per level).

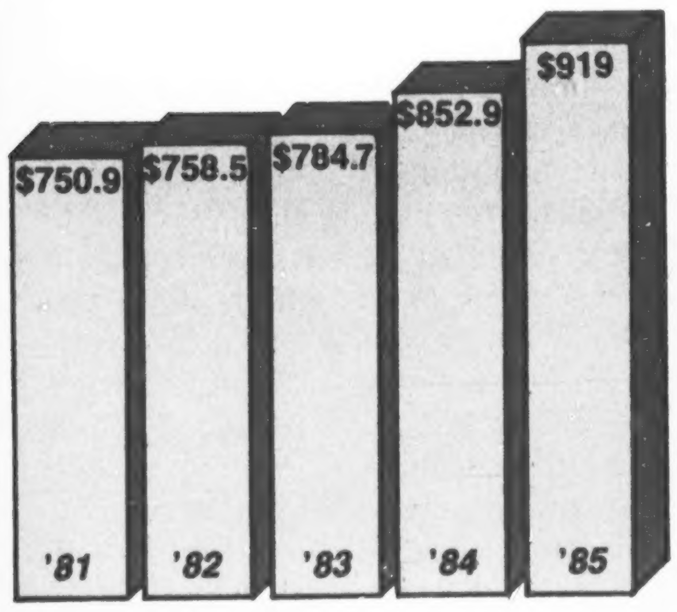
However, costs for the proposed Stockton d.c. ballooned from $21 million to $35 million, so Pay Less downscaled to 500,000 sq. ft. and decided to build in Woodland (near Sacramento). However, that building will not be completed until 1986. In the interim, Pay Less has leased a 347,000-sq.-ft. distribution center in Sacramento.

At present, Pay Less operates 72 stores in northern California. The new Woodland d.c. will be able to service twice as many stores, thereby confirming northern California as a region targeted for growth.

With expansion-minded K mart now in command, drugmen are now wondering how long before the new Woodland facility will reach capacity.

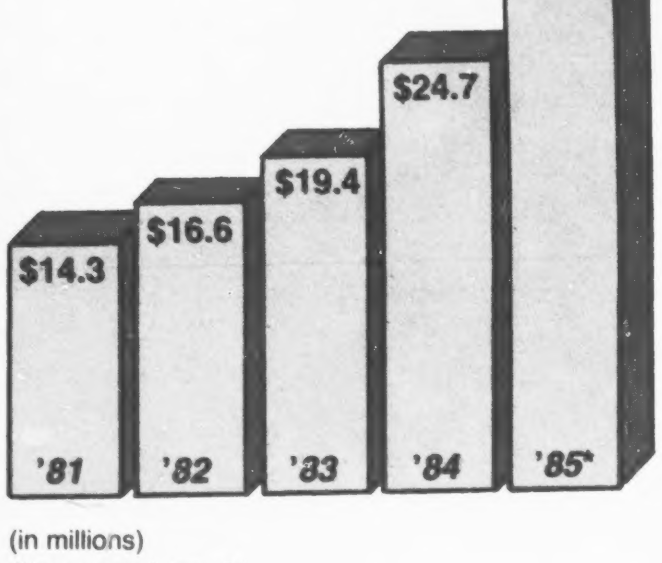


Pay Less sales increase 8%



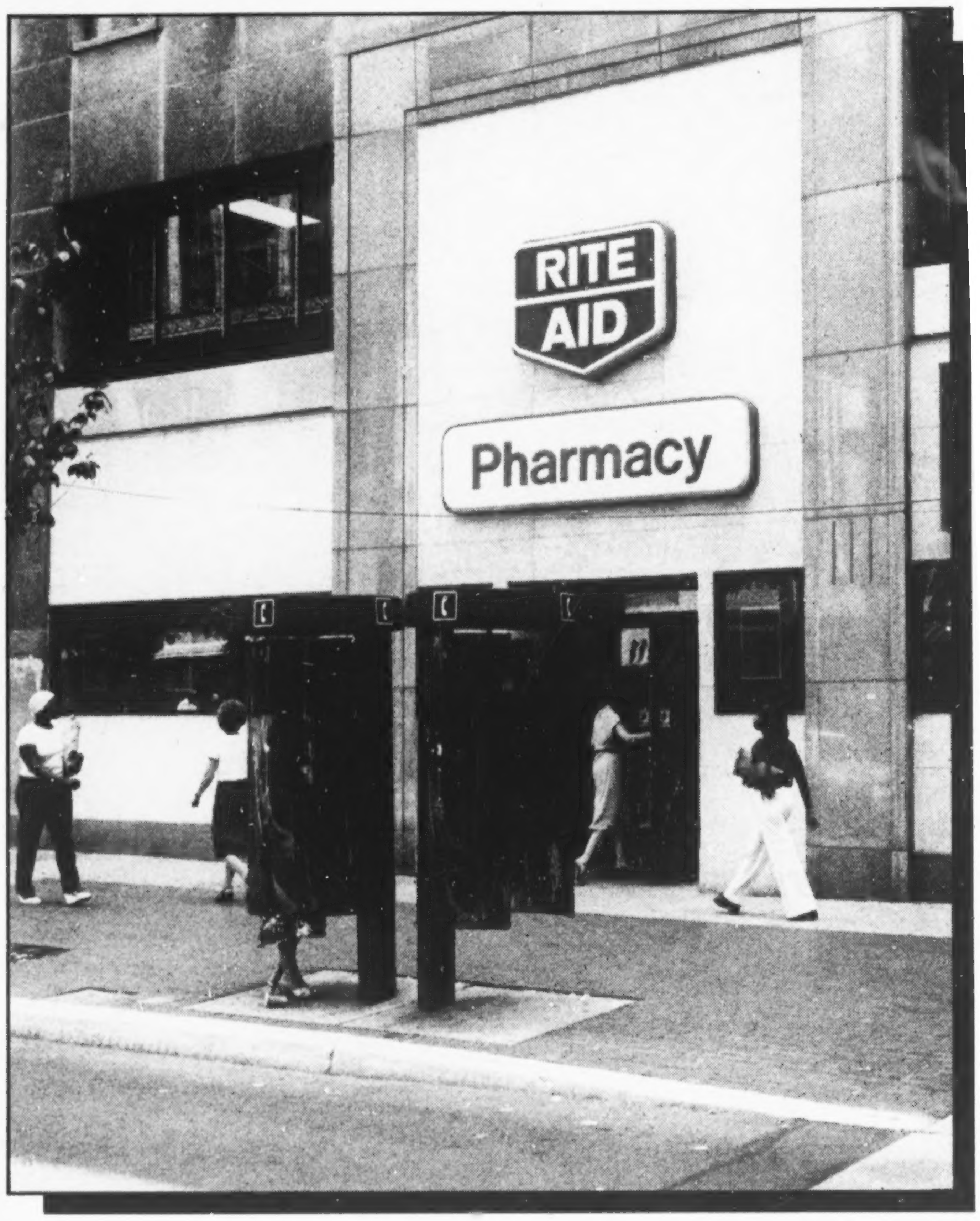
*Year ended Jan. 31
(in millions)
Source: Company reports

Pay Less earnings up 26%



(in millions)
*Year ended Jan. 31
Source: Company reports

Rite Aid expands with book chain buy



SHIREMANSTOWN, Pa. — Rite Aid Corp. last year added another egg to its basket of specialty retail outlets, and at the same time forged new markets with its drug store division.

Rite Aid chairman Alex Grass's latest effort into specialty retailing is Encore Discount Books, an 18-store chain based in Philadelphia. Since acquiring Encore, Rite Aid added three new outlets and plans to open as many as 14 in fiscal 1986. The chain contributed approximately $14 million in sales since becoming part of Rite Aid.

In addition to Encore, Rite Aid's diversified holdings include ADAP (auto parts chain), Circus World (toy stores), Heaven (variety stores), and Sera-Tec (a plasmapheresis business). The drug retailer owns a 28% share in Superdrug Stores P.L.C., a British drug chain. Rite Aid also owns 46.8% of Super Rite Foods, a U.S. grocery wholesaler and retailer.

For the year, ended March 2, Rite Aid posted net earnings of $69.9 million, down 6% from $74.3 million the previous year. However, fiscal 1984 included a $12 million earnings gain from the partial sale of Super Rite through a public offering at the close of calendar 1983.

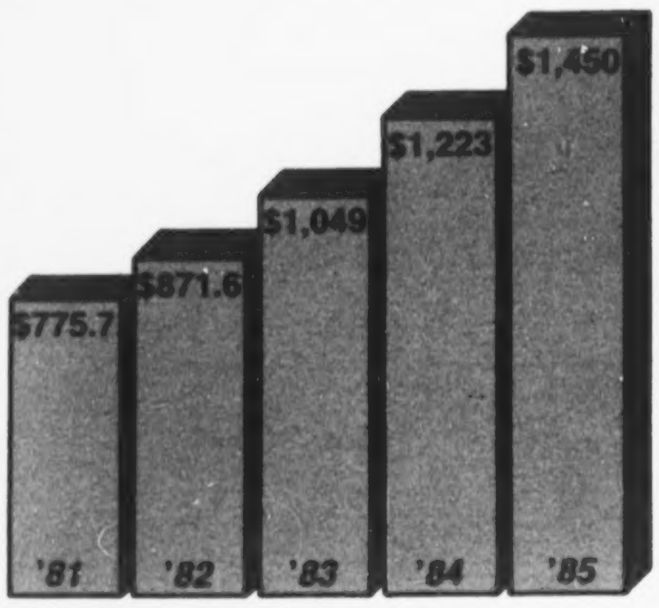
Sales for fiscal 1985 were up 18% to $1.45 billion from $1.2 billion the previous year.

Super Rite Foods enjoyed a strong year in its first year as an independent company. The company posted a 30.7% gain in net earnings to $5.2 million from $3.9 million on sales of $375.6 million, up 31% from $286.8 million the previous year.

During the year, Super Rite expanded into grocery retailing by acquiring the 48-store Food-A-Rama chain in Baltimore, leaving the door open for Rite Aid to test the food/drug combo format.

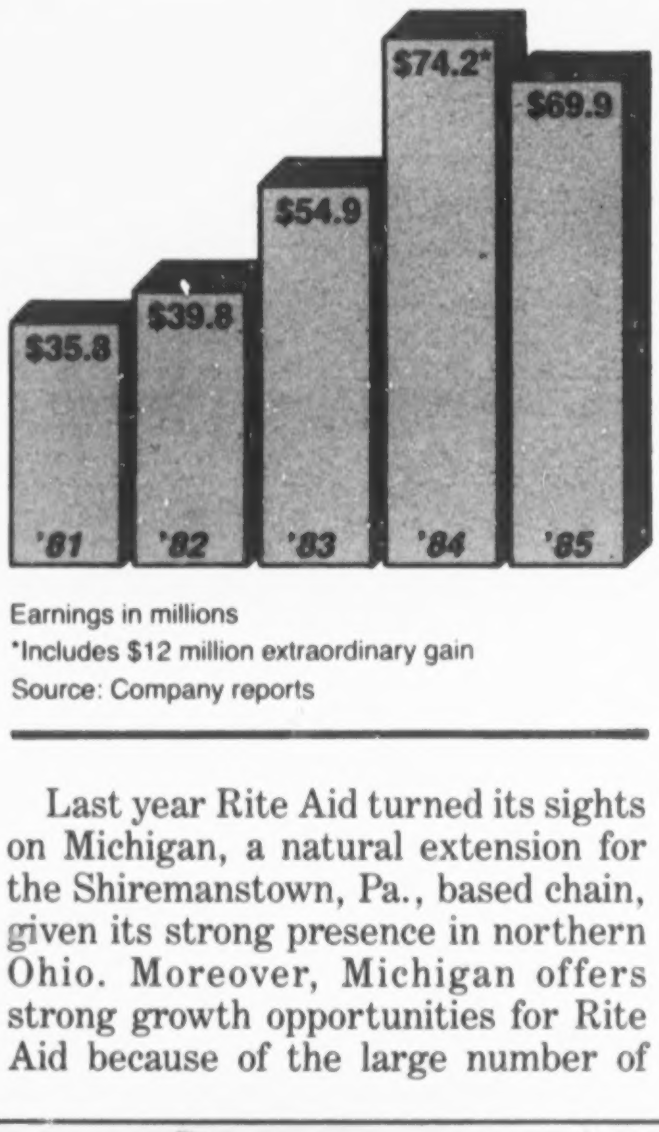
While specialty retailing will play a bigger role in the profit picture at Rite Aid over the next few years, growth in the drug store division has hardly missed a beat.

Rite Aid five year sales



(in millions)
Source: Company Reports

Rite Aid five-year earnings



Earnings in millions
*Includes $12 million extraordinary gain
Source: Company reports

Last year Rite Aid turned its sights on Michigan, a natural extension for the Shiremanstown, Pa., based chain, given its strong presence in northern Ohio. Moreover, Michigan offers strong growth opportunities for Rite Aid because of the large number of small independents that operate bantam-size stores.

Rite Aid established a beachhead in Michigan in early summer when the chain purchased the 24-unit Muir Drugs. It moved quickly sweeping up the Herrlich, Lippert and Remes chains. By the end of February 1985, Rite Aid was operating nearly 70 stores in Michigan.

In addition to Michigan, Rite Aid has targeted Georgia for expansion. In fact, a high percentage of the chain's 130 planned new openings next year will be in those two states.

Expanding technology

Rite Aid is also moving fast on the technology front. The chain introduced point-of-sale scanning devices in a number of stores and plans to have scanning systems operating chainwide by 1988.

The booming video-cassette market prompted Rite Aid to enter the video rental business last year. After testing video tapes in several stores in the Philadelphia area, Rite Aid rolled the rental departments out to other markets. The chain plans to have as many as 600 video departments up and running during fiscal 1986.

The only major disappointment for Rite Aid's drug store division last year was the unsuccessful attempt to acquire the 312-unit Hook Drug chain. The unfriendly offer touched off a brief bidding war that ended with the Kroger Co. acquiring Hook.

Auto sales strong

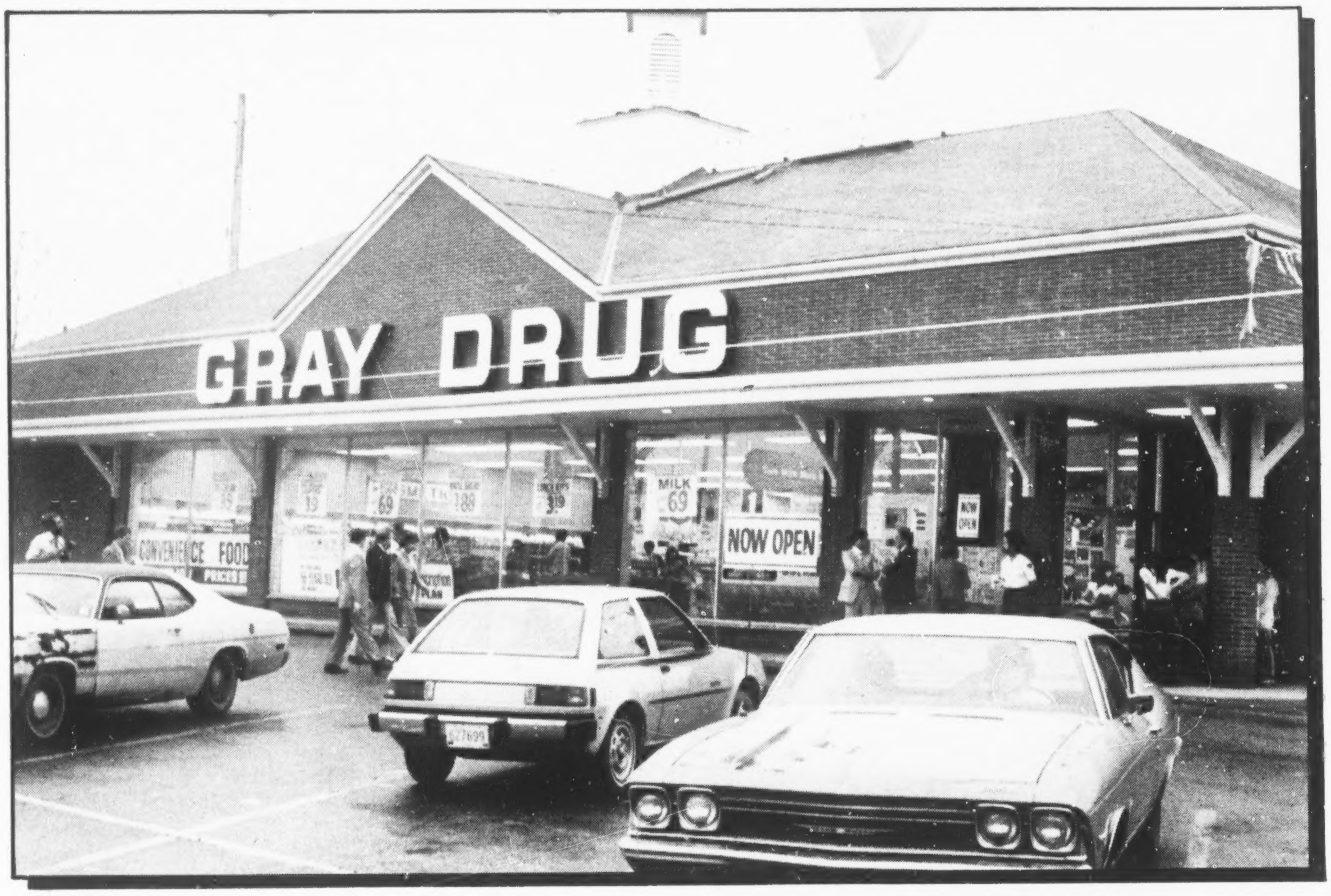
Rite Aid's chain of ADAP auto parts stores turned in a strong performance last year. Rite Aid moved aggressively to expand ADAP as promised a year ago when it acquired the company. Twenty more ADAP stores were added during the year bringing its total store count to 32.

Rite Aid plans to open 30 to 35 new ADAP stores during fiscal 1986. The parent company also beefed up the management of its $40 million auto parts chain. Frank Corella, a former vp of merchandising at SupeRx Drugs, was reassigned to ADAP after joining Rite Aid last fall.

The results were not as encouraging with Rite Aid's 191-unit Circus World chain. Company officials acknowledged that sales from the toy chain did not meet expectations during the all-important third quarter.

RITE AID
Rehabilitation
Home Health Care

Ailing Gray moves to reverse decline



CLEVELAND — Despite a promising start, 1984 turned out to be Gray Drug Fair's worst year since its acquisition by Sherwin-Williams in 1981.

After a relatively strong first two quarters when operating profits reached $8 million on a sales rise of 11%, the division went into a nose dive and finished up the year with operating profits declining 99% to a mere $82,000.

Sherwin-Williams chairman, president and ceo John G. Breen called the division's performance "disappointing" and blamed it on the company's "inability to maintain margins."

"Problems continued to plague us in 1981," he said. "Poor inventory management, inefficient operations at the distribution centers, poor gross margins due to lack of merchandising skills and shortages that affected service levels and, therefore, margins. We also had problems balancing our gross margins, sales and inventory."

Breen also conceded to security analysts that Sherwin-Williams had overestimated its ability to "turn the company around" when it first acquired Gray Drug Fair.

However, Breen also said the drug chain's record to date is not dissimilar to the Paint Store Division's experience during the early part of its turnaround.

Back in 1978, the paint stores lost more than $14 million. Last year, they generated $55.8 million in operating income.

The paint stores currently account for nearly 41% of Sherwin's sales and the drug stores, 30%. The paint stores, however, account for 39% of Sherwin's operating income, while the drug stores account for just 0.1%.

In the past year and a half, Sherwin Williams has tried to improve the situation by downsizing most of the larger Washington D.C./Maryland/Virginia-based Drug Fair stores while simultaneously trying to sharpen their competitive pricing.

The company has also worked hard to improve the stores' chronic out-of-stock problems and to improve its advertising campaigns by locking into more of the "exciting new national brands that come along."

In the beginning of the year, some of the remedies seemed to be working, but in the third quarter, there was an operating loss of $1.1 million. Shortly after that, Mac Allen Culver, who had been recruited to head the division just six months before, resigned to return to his home in the Pacific Northwest and a job with Pay 'n Save, leaving the 423-unit chain rudderless again.

New turnaround plan

Breen almost immediately appointed Carl A. Bellini president and general manager of Gray. He was formerly group vp for Gray and for the paint store division.

Breen also announced a new strategic turnaround plan for 1985. To improve its control over inventory, Gray will now count its inventory three times a year instead of two. The company will also mechanize its Alexandria, Va., distribution center, which services the Drug Fair stores. It will also open a new 150,000-sq.-ft. distribution center in Florida later this year to service Gray stores in that state.

Also in 1985, Gray will test POS installations in 25 stores and will install pharmacy computer stand-alone terminals in at least 100 stores. Gray had been using on-line computers in about 100 stores, but after a test, the stand-alones seemed to promise a more efficient and less costly service.

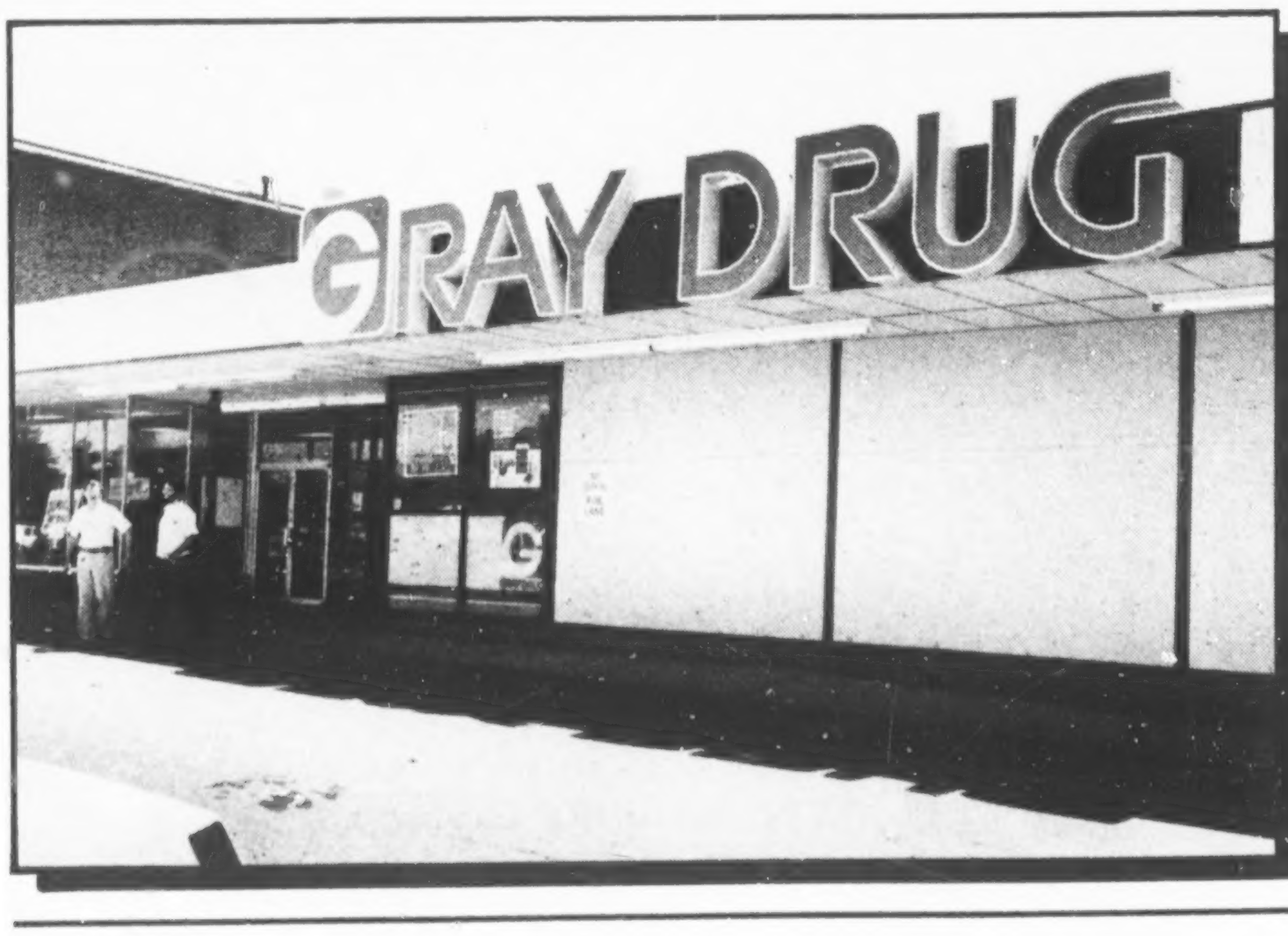
Gray also announced plans to open 45 new stores in 1985 while remodeling another 40. Ten more Drug Fair stores in the Atlantic region will also be downsized.

In 1984, Breen said, Gray downsized a total of 57 Drug Fair stores, taking them from an average of 18,000 to 25,000 sq. ft. to 12,000 to 14,000 sq. ft.

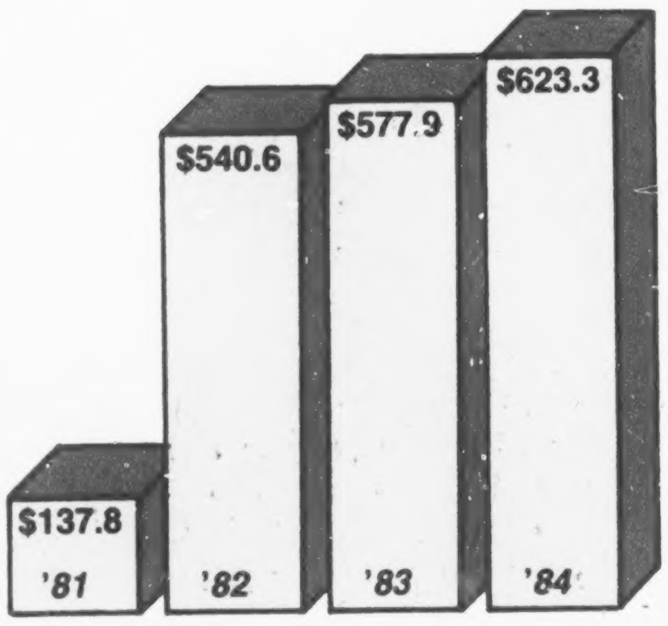
To build sales, the chain also plans to increase its number of circulars by 28% in 1985. There are also plans to promote more items per circular and to ensure that there are more of the "better branded items" included in the ads.

Jim Mastrian, vp of marketing, was also said to be sending a team of merchandisers into the field to help restock and replanogram stores so they could accommodate expanded sku's in select lines.

Shrinkage was also under attack, and one security analyst who follows the company, said that for their more recent quarters, shrinkage did seem to be improving. For one period, he said, it had been reduced from a high range of between 5% and 6% of sales to between 3% and 4%.

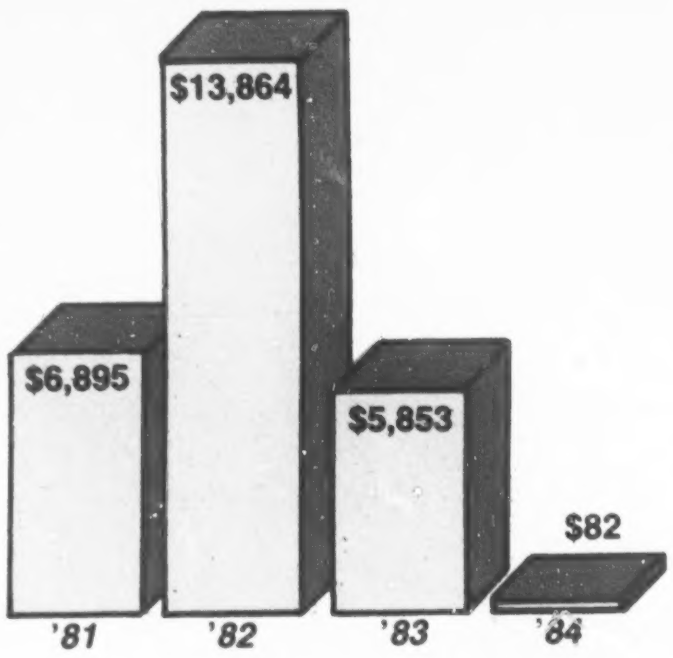


Gray Drug Fair sales trends



Sales in millions
Source: Company reports

Gray Drug Fair profits plunge



Operating profits in thousands
Source: Company reports

Kroger/Hook sale seen as 'good fit'

INDIANAPOLIS — Nineteen eighty-four was the last complete year of independent ownership for the 85-year-old Hook Drug store chain.

In February 1985, the Kroger Company acquired Hook Drugs Inc. in a friendly takeover. The cash and stock transaction was valued at approximately $161 million.

The chain will retain its Hook's name and will operate separately from Kroger's other drug chain, SupeRx.

Industry officials and analysts felt it was a good merger. "It's a good fit from both points of view," said Elizabeth Shiels, an analyst with Hilliard Lyons. "Kroger dominates the food business in Indiana, and Hook dominates the retail drug business."

Hook currently operates 298 drug stores and 14 convalescent aids centers in Indiana, Illinois, Kentucky and Ohio.

The year started out weak for Hook's. "We definitely had our problems," says a Hook's spokesman. "We entered 1984 with the supposition that our sales would be at a 12% growth figure, rather than the actual 10%, and it took us the better part of the year to get our costs in line."

Hook's closed the third quarter of 1984 with net income down approximately 18%.

The spokesman said that the fourth quarter was the "highlight of the year for us." With costs in line, the quarter saw an income increase of 13.5% to $3.5 million, with sales climbing almost 10% to $87.8 million.

According to Hook's, that momentum continued through the first quarter of 1985, with sales growing at a 10% rate and same-store sales at 8%.

Fiscal year 1984 ended with Hook's showing total sales of $350.9 million, a 9.5% increase over 1983's $320.5 million.

However, net earnings slipped to $8.1 million, a 6.7% decrease from the $8.7 million the company registered in 1983.

Highest gross margins

Hook, which has gained a reputation for its consistently high gross margins, registered 34% in that area for 1984, making it the highest among all chains.

The company's return on investment for 1984 was 17.2%, down from 1983's 20.3%.

Sales per store increased slightly in 1984 to $1.2 million with sales per square foot of $170, up from $163 last year.

During 1984, Hook's opened 16 new drug stores and four new Convalescent Aids Centers.

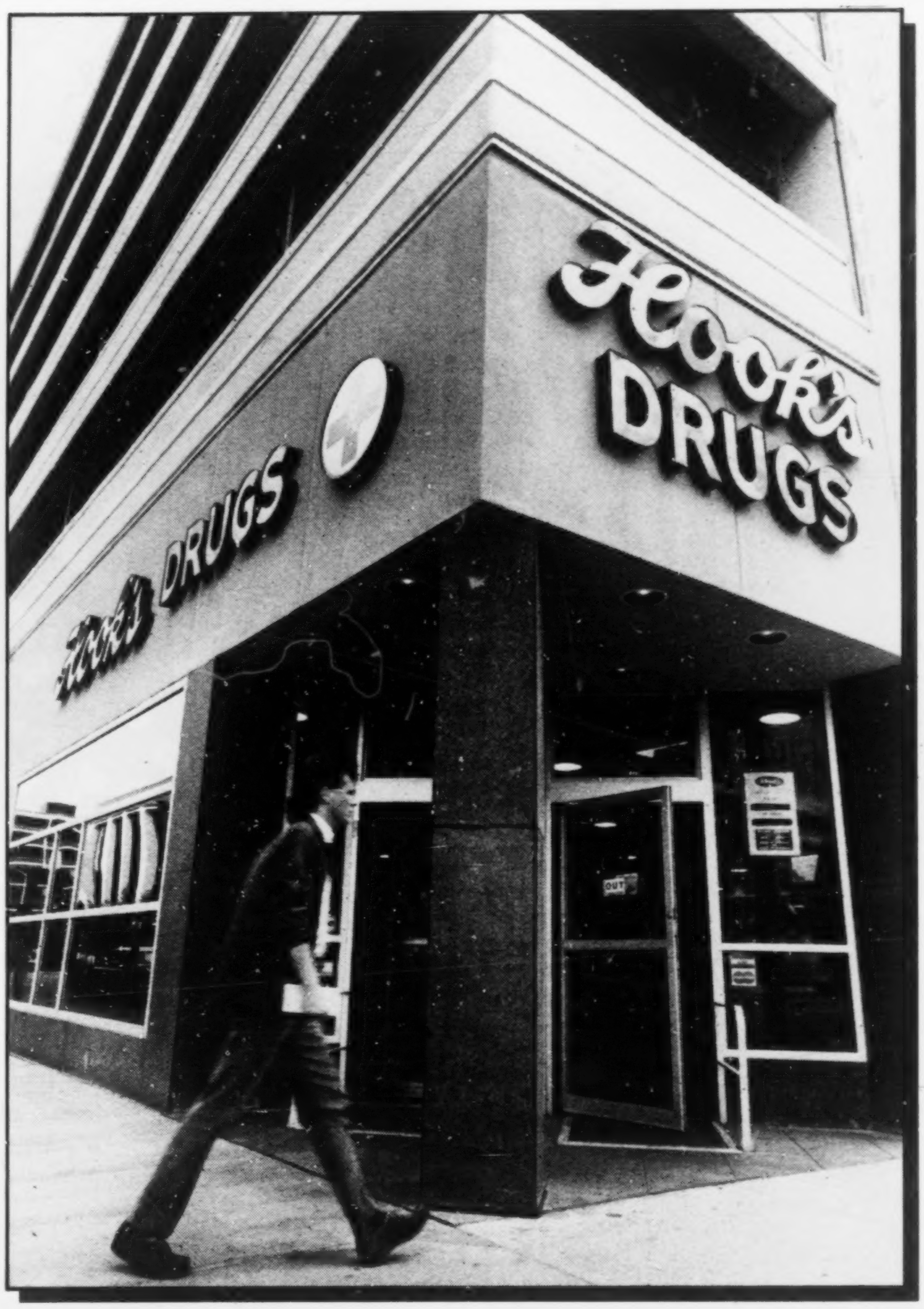
The chain continued computerizing its pharmacies at a rate of six per month during 1984, ending the year with 158 installations completed. According to officials, that same schedule of six per month will be followed during 1985.

In 1984, the company began a program where the stand-alone pharmacy computers are able to communicate with the headquarters mainframe but remain independent with their own program. "They are not on line," says an official. "They can only communicate with each other to get third-party information. All script and family information is kept in the store's computer." At year's end, 84 pharmacy computers had this communicative capability.

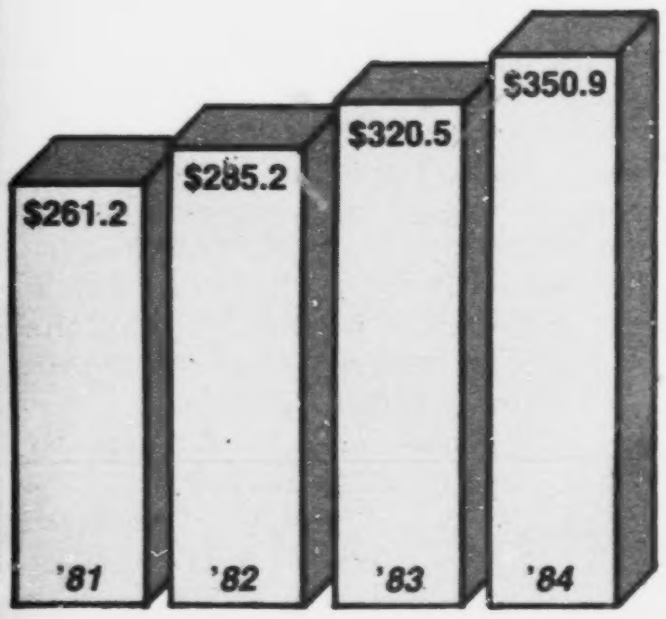
More than 10 million prescriptions were filled last year by the chain's pharmacists, accounting for $123 million in sales, or 35% of total retail sales.

The pharmacy, a department that officials call the core of Hook's business, is featured quite heavily in the chain's electronic advertising efforts. In-store promotions are also heavily slanted toward the pharmacy.

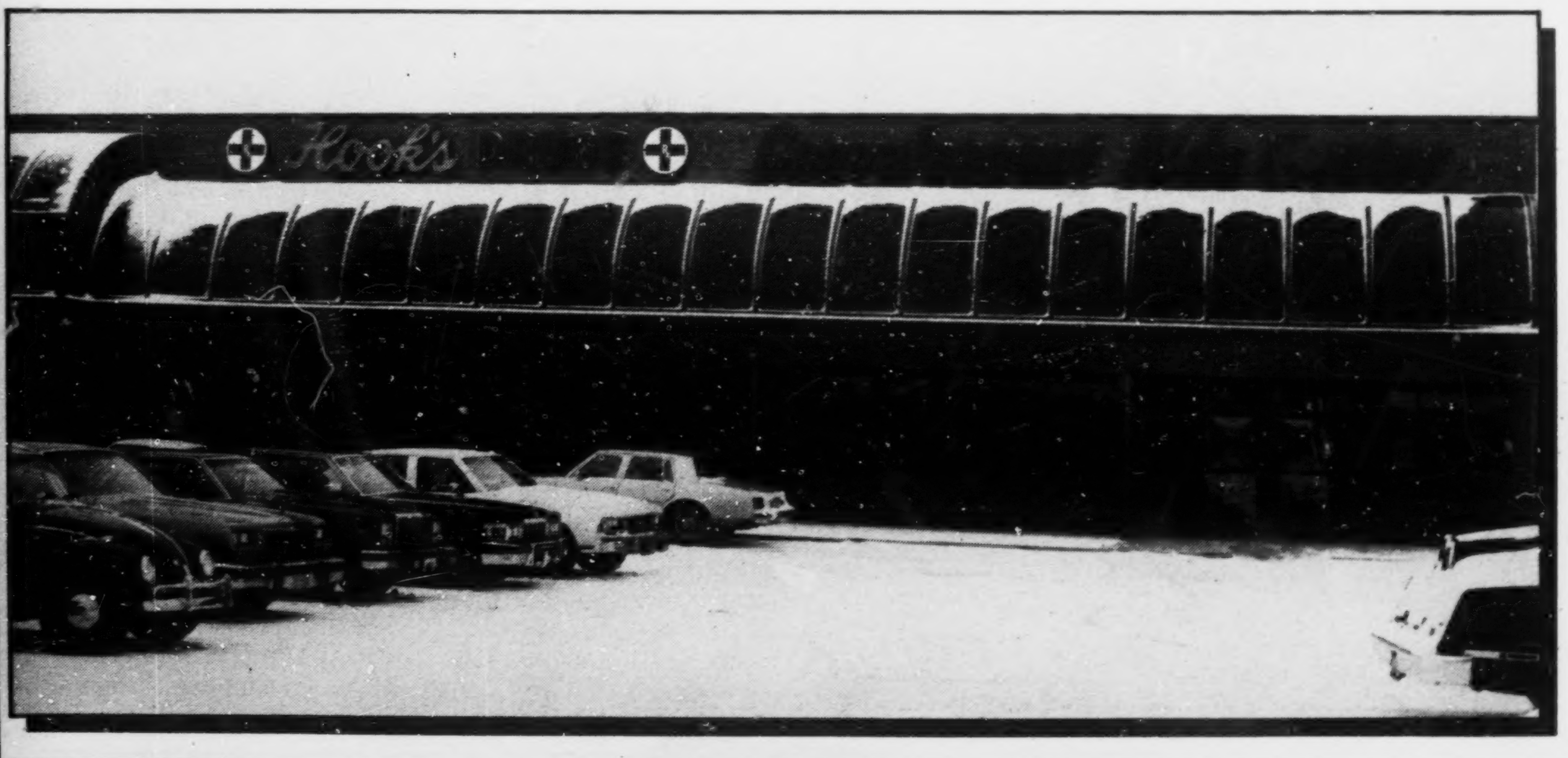
Hook's wholly owned photo processing operation, H. Leiber, was moved to new upscale facilities during the year. That move gave the service enough capacity to handle the photo developing needs of all Hook's stores.



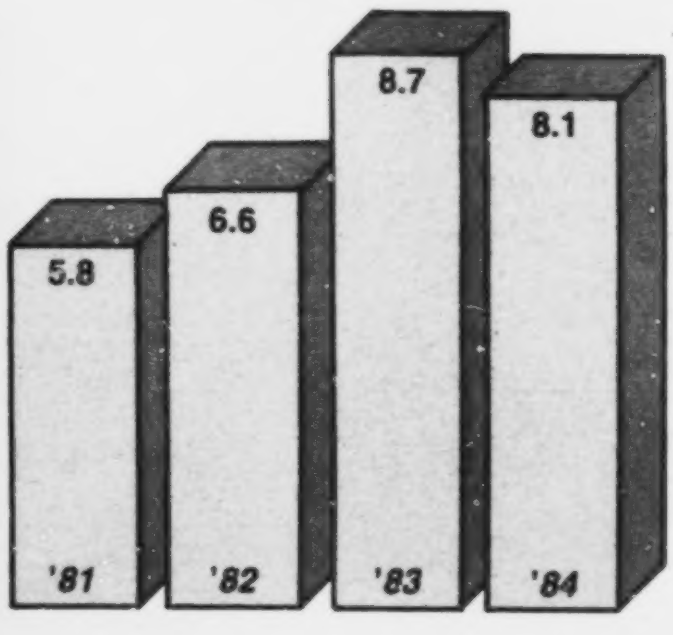
Hook's sales top $350 million



Sales in millions
Source: Company reports



Hook's net income drops in fiscal 1984



Earnings in millions
Source: Company reports

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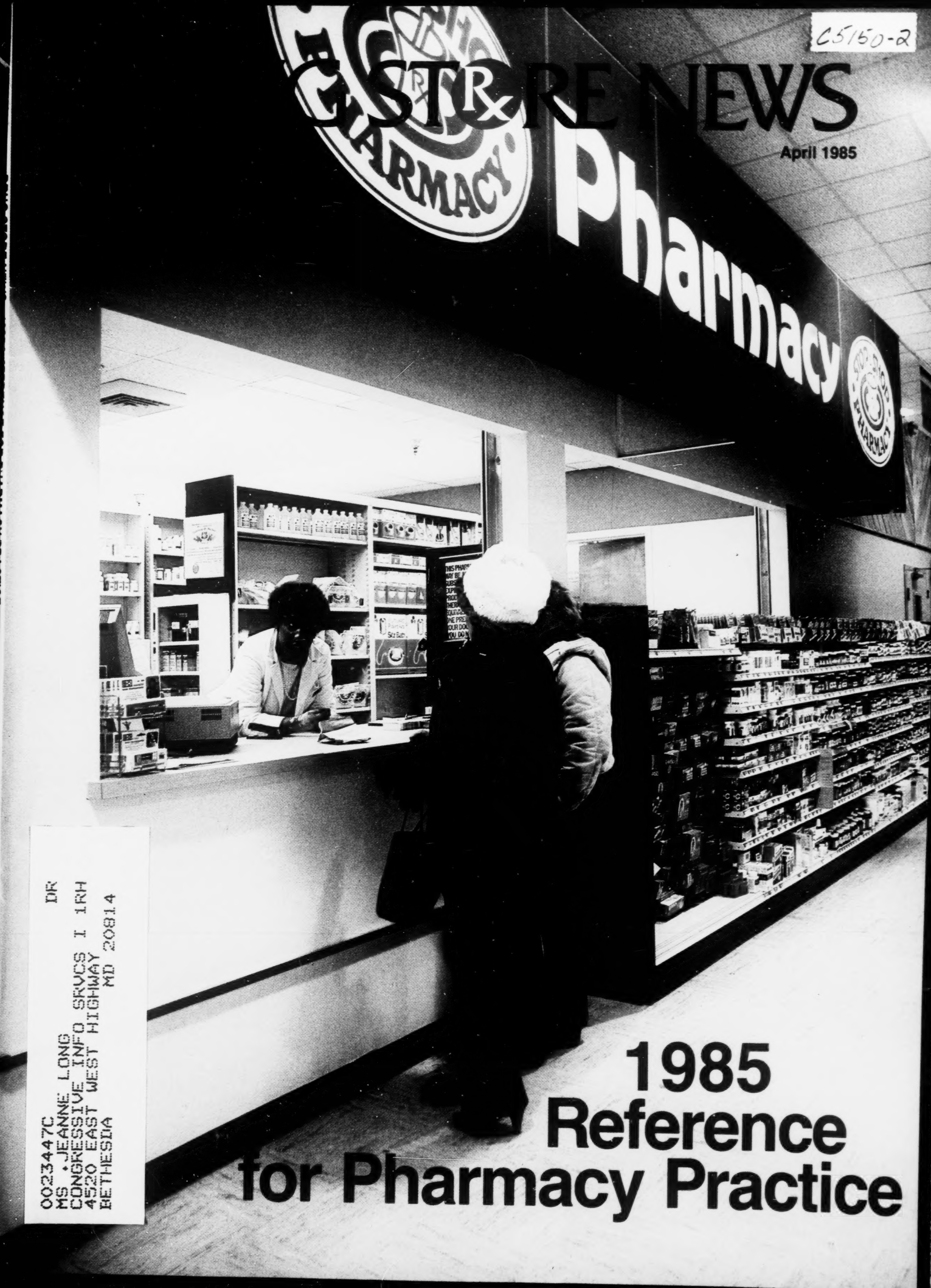
G ST℞RE NEWS

April 1985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1985 Reference for Pharmacy Practice

DRUG STORE NEWS

1985 REFERENCE FOR PHARMACY PRACTICE

BUSINESS

TOP 200 Pharmaceutical Drugs Ranked by Manufacturer
A guide to best-selling pharmaceuticals by product source . . . 6

TOP 200 Pharmaceutical Drugs 11
The highest ranked pharmaceuticals by dollar sales, unit sales and gross profit dollars

Dispensing Profiles 16
A tool for maximizing your pharmaceutical dollar investment

Top 100 Bulk Buying Products 22
How to estimate savings from bulk buying purchases

Manufacturer Trade Terms 24
How manufacturers want you to order and return merchandise

A Guide to Computer Hardware/Software Savings 31
What you need to know about Rx computer suppliers

A Guide to Home Health Care Suppliers 33
Your best sources for convalescent aids products

GENERICS

Top 20 Generic Drugs 42
Best-selling generic drugs of 1984

Summary of State Substitution Laws 44
A state by state guide to dispensing generics

Generic Substitution Guide 45
A quick easy way to identify substitutes for leading brand drugs

Brand/Common Name NDC Reference 51
A quick easy way to identify generics and NDC numbers for frequently dispensed pharmaceuticals

Dispensing Trends 62
The most frequently substituted products by manufacturer

CLINICAL

Poison Prevention Guidelines 66
How you can help your customers safeguard their homes

Drug/Drug Interactions 72
Guide to Possibly Dangerous or Fatal Drug Interactions

Drug Interactions: New Agents . . .74
A list of possibly dangerous interactions with newly introduced pharmaceuticals

Drug/Nutrient Interactions 76
A guide to possible drug/vitamin mineral interactions

A Guide to Soft Contact Lens Care
How to help customers clean and maintain soft contact lens 79

A Guide to Hard Lens Care 82
How to help shoppers clean and maintain hard contact lens

Lo-Sodium Drugs 83
A guide to pharmaceuticals with no or negligable salt content

Drugs to avoid during pregnancy and lactation 84
How you can help mothers and mothers-do-be stay healthy

Sugar Free Drugs 87
A guide to sugar free pharmaceuticals

Sound Alikes/Look Alikes 89
A checklist for preventing dispensing

Reference Guide 93
An easy to read monograph of common pharmaceuticals

CONTINUING EDUCATION

Satisfy Your Renewal Requirements With Drug Store News' 100 C.E. quiz 127

Ad Index

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Vol. 7, No. 8

April 1985

Top 200 Ranked by Manufacturer

	Number Of Rxs	$ Volume	$ Margin
ABBOTT			
Desoxyn oral tabs	—	—	179
E.E.S. Liquid 200mg	145	—	145
E.E.S. 400 filmtabs	22	36	13
Erythrocin tabs 250mg	118	—	120
Enduron tabs 5mg	163	—	177
K tabs 750mg	78	124	77
Pediazole susp	165	167	148
Tranxene caps 3.75mg	121	134	107
Tranxene caps 7.5mg	53	43	50
ARMOUR			
Thyroid tab 1gr	128	—	194
AYERST			
Atromid S caps 500mg	—	196	—
Inderal tabs 10mg	24	38	37
Inderal tabs 20mg	15	21	23
Inderal tabs 40mg	13	12	21
Inderal tabs 80mg	149	59	166
Inderal caps LA 80mg	186	125	146
Inderide 40-25 tabs	178	131	161
Premarin tabs 0.3mg	187	—	192
Premarin tabs 1.25mg	39	53	56
Premarin vaginal cream	—	—	189
BD			
Insulin Lo-Dose syringes U100	110	128	195
BEECHAM LABS			
Amoxil caps 250mg	30	87	38
Amoxil caps 500mg	86	116	95
Amoxil susp 125mg/5ml 100ml	36	142	48
Amoxil susp 250mg/5ml 200ml	26	63	32
Fastin caps 30mg	—	—	190
BERLEX			
Quinaglute duratabs	200	69	162
BOEHRINGER INGELHEIM LTD			
Alupent inhaler refill	—	—	180
Alupent syrup	195	—	186
Catapres tabs 0.1mg	99	91	92
Catapres tabs 0.2mg	182	95	157
Persantine tabs 25mg	90	78	97
Persantine tabs 50mg	106	56	91
Persantine tabs 75mg	183	76	130
BOOTS PHARMACEUTICALS			
Rufen tabs 400mg	69	129	73
Rufen tabs 600mg	130	181	121
BRISTOL			
Naldecon Pediatric syrup	191	—	178
Naldecon tabs	132	140	110
BURROUGHS WELLCOME CO.			
Cortisporin Otic susp	169	—	160
Empirin tabs w/codeine #3	66	170	61
Lanoxin tabs 0.125mg	8	79	12
Lanoxin tabs 0.25mg	7	74	14
Septra DS tabs	51	60	41
Septra susp	135	—	114
Zovirax oint 5%	—	192	—
Zyloprim tabs 100mg	179	—	—
Zyloprim tabs 300mg	94	67	112
CIBA PHARMACEUTICAL CO.			
Ser-Ap-Es tabs	148	137	164
Slow K tabs	9	19	7
Transderm Nitro 5mg	103	30	74
Transderm Nitro 10mg	—	103	—
DISTA PRODUCTS			
Keflex caps 250mg	16	13	9
Keflex caps 500mg	35	10	15
Nalfon tabs 600mg	109	61	94
ENDO LABS INC.			
Coumadin 5mg tabs	120	164	128
Percodan tabs	62	88	42
Percocet-5 tabs	138	153	103
FLINT			
Synthroid tabs 0.1mg	46	136	62
Synthroid tabs 0.15mg	123	—	142
Synthroid tabs 0.2mg	139	—	159
GEIGY			
Brethine tabs 2.5mg	192	—	176
Lopressor tabs 50mg	18	18	25
Lopressor tabs 100mg	74	28	90
Tegretol tabs 200mg	104	44	84
GENERIC			
Acetaminophen w/ codeine 30mg	119	—	136
Hydrochlorothiazide 50mg tabs	50	—	63
Penicillin VK 250mg	166	—	187
Tetracycline caps 250mg	160	—	—
GLAXO INC.			
Zantac tabs 150mg	23	4	11
Ventolin inhaler refill	59	75	53
HOECHST-ROUSSELL			
Lasix tabs 20mg	43	133	55
Lasix tabs 40mg	6	20	6
IVES LABORATORIES			
Isordil titradose 10mg	153	179	169
Synalgos DC caps	83	156	64
JANSSEN			
Imodium caps 2mg	184	182	147
KEY PHARMACEUTICALS			
Nitrodur patch 10cm	180	73	154
Theo-Dur tabs 200mg	48	70	46
Theo-Dur tabs 300mg	32	39	35
KNOLL			
Isoptin tabs 80mg	—	175	—
Vicodin tabs	37	81	28
LEDERLE LABS			
Achromycin V caps 250mg	80	—	93
Materna tabs	168	—	182
Minocin caps 50mg	—	166	—
Minocin caps 100mg	—	112	—
ELI LILLY & CO.			
Ceclor pulvules 250mg	100	45	68
Ceclor susp 250mg/5ml 75ml	—	155	—
Darvocet-N 100mg tabs	5	6	3
Darvon compound 65mg	152	194	135
Insulin Lente U100	137	149	—

Top 200 Ranked by Manufacturer

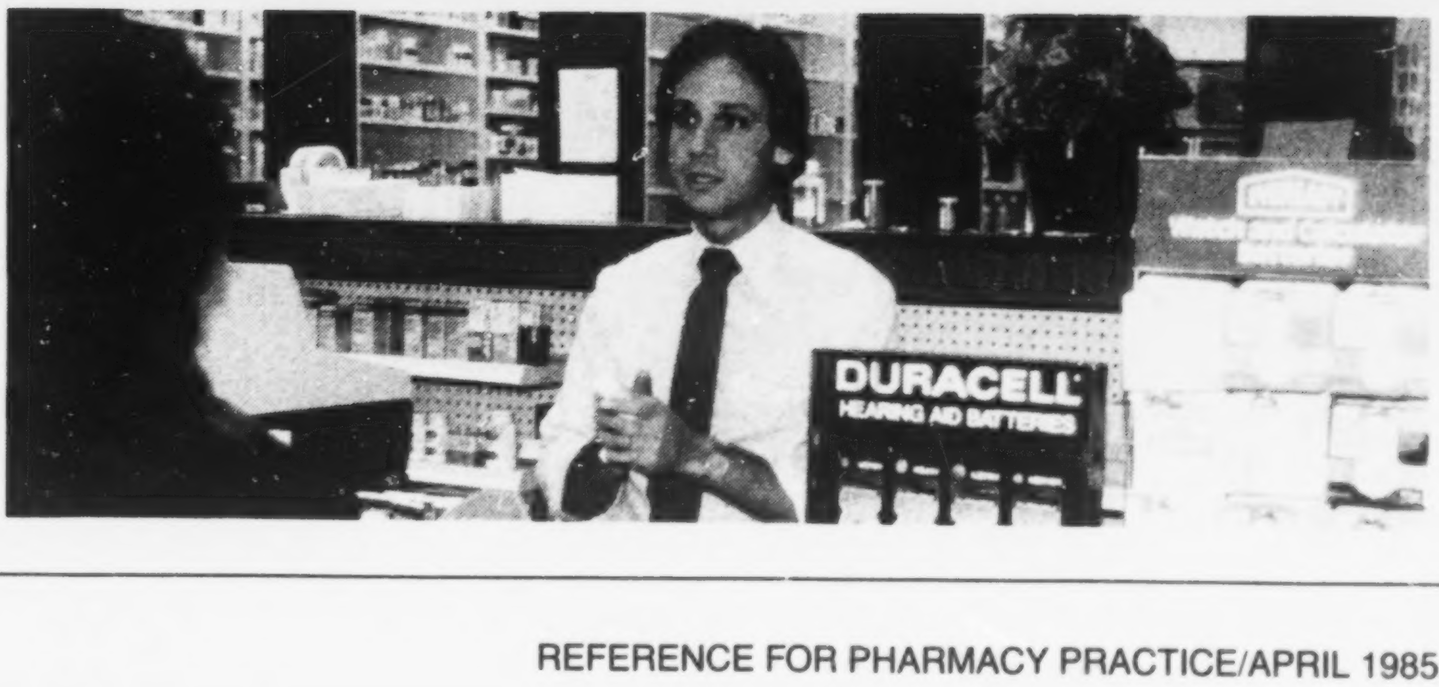
	Number Of Rxs	$ Volume	$ Margin
Insulin NPH U100	41	55	116
Phenobarbital tabs 30mg	199	—	—
MARION LABORATORIES INC.			
Carafate tabs 1gm	—	104	193
Cardizem tabs 30mg	117	57	105
Cardizem tabs 60mg	170	46	131
Nitrobid caps 6.5mg	—	177	—
McNEIL PHARMACEUTICALS			
Haldol tabs 1mg	—	199	—
Parafon Forte tabs	91	77	60
Tolectin DS caps 400mg	105	40	75
Tylenol tabs w/codeine #3	2	15	2
Tylenol tabs w/codeine #4	61	92	44
Tylox caps	177	—	118
MEAD JOHNSON PHARM.			
Desyrel tabs 50mg	131	106	101
Duricef caps 500mg	156	89	106
K-Lyte tabs orange	154	126	141
Klotrix tabs 10mEq	143	198	143
MERRELL-DOW			
Nicorette gum	52	37	43
Quinamm tabs	—	—	191
Tenuate Dospan 75mg	—	195	165
MERCK SHARPE & DOHME			
Aldomet 250mg tabs	10	11	17
Aldomet 500mg tabs	102	35	117
Aldoril 25mg tabs	71	48	88
Clinoril tabs 150mg	144	58	140
Clinoril tabs 200mg	57	16	47
Dolobid tabs 500mg	122	65	—
Elavil tabs 25mg	162	—	158
Flexeril tabs 10mg	45	31	33
Hydrodiuril tabs 50mg	70	165	99
Indocin caps 25mg	60	41	67
Indocin caps 50mg	—	118	196
Indocin SR caps 75mg	140	62	109
Moduretic tabs 5/50	49	47	49
Sinemet 10/100	—	189	—
Sinemet 25/100	—	176	—
Sinemet 25/250	—	135	—
Timoptic 0.25% opth	151	109	183
Timoptic 0.5% opth	40	22	40
Triavil tabs 2-25	190	114	174
NORWICH-EATON			
Entex LA tabs	85	160	85
Macrodantin caps 50mg	133	138	108
ORTHO PHARMACEUTICAL			
Monistat-7 vaginal cream	27	34	24
Ortho Novum tabs 1/35-21s	72	105	—
Ortho Novum tabs 1/35-28s	58	83	—
Ortho Novum 1/50-21s	55	85	—
Ortho Novum 1/50-28s	92	130	—
Ortho Novum tabs 7-7-7 28s	198	—	—
Ortho Novum tabs 10/11 28s	172	85	—
PARKE DAVIS			
Amcill caps 250mg	173	—	188
Benadryl caps 25mg	89	—	96
Benadryl caps 50mg	124	—	111
Benadryl elixir	158	—	156
Dilantin caps 100mg	12	26	20
Eryc caps 250mg	63	107	52
Lopid caps 300mg	—	186	—
Meclomen caps 100mg	—	147	—
Nitrostat tabs 0.4mg	64	—	115
Procan SR tabs 500mg	—	93	163
PENNWALT			
Ionamine-30 caps	—	—	175
PFIZER LABS			
Diabinese tabs 250mg	19	9	31
Feldene 20mg caps	14	3	10
Minipress caps 1mg	67	68	69
Minipress caps 2mg	142	86	132
Minipress caps 5mg	—	143	—
Procardia caps 10mg	21	8	19
Vibramycin caps 100mg	196	108	153
Vibra-Tabs 100mg	189	111	144
RIKER			
Norgesic Forte tabs	174	146	—
A. H. ROBINS			
Dimetapp elixir	44	159	45
Dimetapp extabs	54	101	54
Donnatal tabs	113	—	122
Micro-K caps 8 mEq	31	66	30
Phenaphen w/ codeine #3	164	—	150
Quinidex extentabs	—	121	—
Reglan tabs 10mg	79	49	58
Robaxin tabs 750mg	—	—	199
ROCHE			
Accutane caps 40mg	—	84	—
Bactrim DS tabs	38	42	29
Dalmane caps 15mg	96	157	83
Dalmane caps 30mg	29	54	27
Limbitrol 10/25 caps	—	185	—
Librax caps	93	80	102
Librium caps 10mg	157	168	170
Valium tabs 2mg	68	110	82
Valium tabs 5mg	4	5	5
Valium tabs 10mg	42	24	39
ROERIG			
Antivert tabs 12.5mg	197	—	—
Antivert tabs 25mg	155	169	149
Atarax tabs 25mg	—	190	—
Geocillin tablets	—	188	—
SANDOZ			
Fiorinal tabs	88	144	79
Fiorinal caps	—	—	185
Fiorinal tabs w/codeine 30mg	81	97	59
Hydergine oral tabs 1mg	—	99	173
Mellaril tabs 25mg	194	158	167
Parlodel tabs 2.5mg	—	163	—
Restoril caps 15mg	141	—	126
Restoril caps 30mg	76	120	65
Tavist-D tabs	150	180	127
SCHERING			
Lotrimin cream 1%	112	154	104
Proventil inhaler	56	72	51
Trinalin tabs	95	123	87
Valisone cream 0.1%	193	191	172
Vanceril inhaler	—	187	197
SEARLE LABS			
Aldactazide tabs 25/25	129	96	129
Calan tabs 80mg	—	127	168
Lomotil tabs 2.5mg	87	122	71
Norpace caps 100mg	—	174	—

Top 200 Ranked by Manufacturer

	Number Of Rxs	$ Volume	$ Margin
Norpace caps 150mg	—	145	133
SKF			
Dyazide caps	1	2	1
Ornade spansules	126	151	119
Tagamet tabs 200mg	—	178	—
Tagamet tabs 300mg	3	1	4
Tagamet tabs 400mg	—	197	—
SQUIBB PHARMACEUTICAL			
Capoten tabs 25mg	101	52	81
Capoten tabs 50mg	—	152	—
Corgard tabs 40mg	65	32	72
Corgard tabs 80mg	—	115	—
Mycolog cream 5gm	167	171	151
Sumycin caps 250mg	181	—	—
STUART PHARMACEUTICALS			
Nolvadex tabs 10mg	—	71	—
Stuartnatal 1 + 1 tabs	175	—	181
Tenormin tabs 50mg	11	7	8
Tenormin tabs 100mg	—	94	198
SYNTEX LABORATORIES			
Anaprox tabs 275mg	97	82	78
Naprosyn tabs 250mg	73	27	57
Naprosyn tabs 375mg	33	14	26
Naprosyn tabs 500mg	107	29	66
Nasalide soln 0.025%	—	172	171
Norinyl 1/50-21s	127	161	—
Norinyl 1/35-21s	171	—	—
UPJOHN CO.			
E-Mycin tabs 250mg	111	184	138
E-Mycin tabs 333mg	75	132	76

	Number Of Rxs	$ Volume	$ Margin
Halcion tabs 0.25mg	98	141	80
Halcion tabs 0.5mg	115	150	98
Medrol 4mg	161	183	134
Motrin tabs 400mg	20	25	22
Motrin tabs 600mg	17	17	16
Orinase tabs 500mg	176	162	—
Provera tabs 10mg	82	100	70
Tolinase tabs 250mg	125	64	89
Tolinase tabs 500mg	—	193	137
Xanax tabs 0.25mg	108	113	86
Xanax tabs 0.5mg	47	33	36
Xanax tabs 1mg	—	119	184
USV			
Hygroton tabs 50mg	114	117	123
WALLACE			
Soma tabs 350mg	—	148	152
WINTHROP			
Danocrine caps 200mg	—	173	—
Talwin NX tabs	146	139	100
WYETH			
Ativan tabs 1mg	25	23	18
Ativan tabs 2mg	159	90	113
Lo Ovral 21s	34	50	—
Lo Ovral 28s	84	102	—
Nordette tabs 21s	185	—	—
Omnipen caps 250mg	116	—	124
Omnipen caps 500mg	136	—	139
Ovral tabs 21s	77	98	—
Ovral tabs 28s	188	—	—
Pen Vee K 250mg	147	—	155
Phenergan expt w/codeine	134	—	125
Phenergan VC w/codeine	—	—	200
Serax caps 15mg	—	200	—

PRESCRIPTIONS
ALLERGY RELIEF CENTER



Top 200 Products Ranked

Number of Rxs	$ Volume	$ Margin*
1 Dyazide capsules	Tagamet tablets 300mg	Dyazide capsules
2 Tylenol w/codeine #3 tablets	Dyazide capsules	Tylenol w/codeine #3 tablets
3 Tagamet tablets 300mg	Feldene capsules 20mg	Darvocet-N 100mg
4 Valium tablets 5mg	Zantac tablets 150mg	Tagamet tablets 300mg
5 Darvocet-N 100mg	Valium tablets 5mg	Valium tablets 5mg
6 Lasix tablets 40mg	Darvocet-N 100mg	Lasix tablets 40mg
7 Lanoxin tablets 0.25mg	Tenormin tablets 50mg	Slow K tablets
8 Lanoxin tablets 0.125mg	Procardia capsules 10mg	Tenormin tablets 50mg
9 Slow K tablets	Diabinese tablets 250mg	Keflex pulvules 250mg
10 Aldomet tablets 250mg	Keflex capsules 500mg	Feldene capsules 20mg
11 Tenormin tablets 50mg	Aldomet tablets 250mg	Zantac tablets 150mg
12 Dilatin kapsules 100mg	Inderal tablets 40mg	Lanoxin tablets 0.125mg
13 Inderal tablets 40mg	Keflex pulvules 250mg	E.E.S. 400 filmtabs
14 Feldene capsules 20mg	Naprosyn tablets 375mg	Lanoxin tablets 0.25mg
15 Inderal tablets 20mg	Tylenol w/codeine #3 tablets	Keflex capsules 500mg
16 Keflex pulvules 250mg	Clinoril 200mg	Motrin tablets 600mg
17 Motrin tablets 600mg	Motrin tablets 600mg	Aldomet tablets 250mg
18 Lopressor tablets 50mg	Lopressor tablets 50mg	Ativan tablets 1mg
19 Diabinese tablets 250mg	Slow K tablets	Procardia capsules 10mg
20 Motrin tablets 400mg	Lasix tablet 40mg	Dilantin kapsules 100mg
21 Procardia capsules 10mg	Inderal tablets 20mg	Inderal tablets 40mg
22 E.E.S. 400 filmtabs	Timoptic 0.5% 15ml	Motrin tablets 400mg
23 Zantac tablets 150mg	Ativan tablets 1mg	Inderal tablets 20mg
24 Inderal tablets 10mg	Valium tablets 10mg	Monistat-7 vaginal cream
25 Ativan tablets 1mg	Motrin tablets 400mg	Lopressor tablets 50mg
26 Amoxil susp 250mg/5ml 100ml	Dilantin kapsules 100mg	Naprosyn tablets 375mg
27 Monistat-7 vaginal cream	Naprosyn tablets 250mg	Dalmane capsules 30mg
28 Premarin tablets 0.625mg	Lopressor tablets 100mg	Vicodin tablets
29 Dalmane capsules 30mg	Naprosyn tablets 500mg	Bactrim DS
30 Amoxil capsules 250mg	Transderm Nitro 5mg disk	Micro-K capsules 8mEq
31 Micro-K capsules 8mEq	Flexeril 10mg tablets	Diabinese tablets 250mg
32 Theo-Dur Tablets 300mg	Corgard tablets 40mg	Amoxil susp 250mg/5ml 100ml
33 Naprosyn tablets 375mg	Xanax tablet 0.5mg	Flexeril 10mg tablets
34 Lo Ovral 21	Monistat-7 vaginal cream	Premarin tablets 0.625mg
35 Keflex capsules 500mg	Aldomet tablets 500mg	Theo-Dur tablets 300mg
36 Amoxil susp 125mg/5ml 100ml	E.E.S. 400 filmtabs	Xanax tablets 0.5mg
37 Vicodin tablets	Nicorette gum	Inderal tablets 10mg
38 Bactrim DS	Inderal tablets 10mg	Amoxil capsules 250mg
39 Premarin tablets 1.25mg	Theo-Dur tablets 300mg	Valium tablets 10mg
40 Timoptic 0.5% 15ml	Tolectin DS capsules 400mg	Timoptic 0.5% 15ml
41 Insulin NPH U100	Indocin capsules 25mg	Septra DS
42 Valium tablets 10mg	Bactrim DS	Percodan tablets
43 Lasix tablets 20mg	Tranxene capsules 7.5mg	Nicorette gum
44 Dimetapp elixir	Tegretol tablets 200mg	Tylenol w/codeine #4 tablets
45 Flexeril 10mg tablets	Ceclor pulvules 250mg	Dimetapp elixir
46 Synthroid tablets 0.1mg	Cardizem tablets 60 mg	Theo-Dur tablets 200mg
47 Xanax tablets 0.5mg	Moduretic tablets 5/50	Clinoril 200mg
48 Theo-Dur tablets 200mg	Aldoril 25mg tablets	Amoxil susp 125mg/5ml 100ml
49 Moduretic tablets 5/50	Reglan tablets 10mg	Moduretic tablets 5/50
50 Hydrochlorothiazide 50mg	Lo Ovral 21	Tranxene capsules 7.5mg

*Based on AWP cost

Top 200 Products Ranked

Number of Rxs	$ Volume	$ Margin*
51 Septra DS	Premarin tablets 0.625mg	Proventil inhaler
52 Nicorette gum	Capoten tablets 25mg	Eryc capsules 250mg
53 Tranxene capsules 7.5mg	Premarin tablets 1.25mg	Ventolin inhaler refill
54 Dimetapp extab	Dalmane capsules 30mg	Dimetapp extab
55 Ortho Novum 1/50-21	Insulin NPH U100	Lasix tablets 20mg
56 Proventil inhaler	Persantine tablets 50mg	Premarin tablet 1.25mg
57 Clinoril 200mg	Cardizem tablets 30mg	Naprosyn tablets 250mg
58 Ortho Novum 1/35-28	Clinoril 150mg	Reglan tablets 10mg
59 Ventolin inhaler refill	Inderal tablets 80mg	Fiorinal w/codeine #3
60 Indocin capsules 25mg	Septra DS	Parafon Forte tablets
61 Tylenol w/codeine #4 tablets	Nalfon tablets 600mg	Empirin w/codeine #3
62 Percodan tablets	Indocin SR 75mg	Synthroid tablets 0.1mg
63 Eryc capsules 250mg	Amoxil susp 250mg/5ml 100ml	Hydrochlorothiazide 50mg
64 Nitrostat tablets 0.4mg	Tolinase tablets 250mg	Synalgos DC capsules
65 Corgard tablets 40mg	Dolobid tablets 500mg	Restoril capsules 30mg
66 Empirin w/codeine #3 tablets	Micro-K capsules 8mEq	Naprosyn tablets 500mg
67 Minipress capsules 1mg	Zyloprim tablets 300mg	Indocin capsules 25mg
68 Valium tablets 2mg	Minipress capsules 1mg	Ceclor pulvules 250mg
69 Rufen tablets 400mg	Quinaglute duratabs	Minipress capsules 1mg
70 Hydrodiuril tablets 50mg	Theo-Dur tablets 200mg	Provera tablets 10mg
71 Aldoril 25mg tablets	Nolvadex tablets 10mg	Lomotil tablets 2.5mg
72 Ortho Novum 1/35-21	Proventil inhaler	Corgard tablets 40mg
73 Naprosyn tablets 250mg	Nitro-Dur patch 10cm	Rufen tablets 400mg
74 Lopressor tablets 100mg	Lanoxin tablets 0.25mg	Transderm Nitro 5mg disk
75 E-mycin tablets 333mg	Ventolin inhaler refill	Tolectin DS capsules 400mg
76 Restoril capsules 30mg	Persantine tablets 75mg	E-mycin tablets 333mg
77 Ovral-21	Parafon Forte tablets	K-Tabs 750mg
78 K-Tabs 750mg	Persantine tablets 25mg	Anaprox 275mg
79 Reglan tablets 10mg	Lanoxin tablets 0.125mg	Fiorinal tablets
80 Achromycin V capsules 250mg	Librax capsules	Halcion tablets 0.25mg
81 Fiorinal w/codeine #3	Vicodin tablets	Capoten tablets 25mg
82 Provera tablets 10mg	Anaprox 275mg	Valium tablets 2mg
83 Synalgos-DC capsules	Ortho Novum 1/35-28	Dalmane capsules 15mg
84 Lo Ovral 28	Accutane capsules 40mg	Tegretol tablets 200mg
85 Entex LA	Ortho Novum 1/50-21	Entex LA
86 Amoxil capsules 500mg	Minipress capsules 2mg	Xanax tablets 0.25mg
87 Lomotil tablets 2.5mg	Amoxil capsules 250mg	Trinalin tablets
88 Fiorinal tablets	Percodan tablets	Aldoril 25mg tablets
89 Benadryl capsules 25mg	Duricef capsules 500mg	Tolinase tablets 250mg
90 Persantine tablets 25mg	Ativan tablets 2mg	Lopressor tablets 100mg
91 Parafon Forte tablets	Catapres tablets 0.1mg	Persantine tablets 50mg
92 Ortho Novum 1/50-28	Tylenol w/codeine #4 tablets	Catapres tablets 0.1mg
93 Librax capsules	Procan SR tablets 500mg	Achromycin V capsules 250mg
94 Zyloprim tablets 300mg	Tenormin tablets 100mg	Nalfon tablets 600mg
95 Trinalin tablets	Catapres tablets 0.2mg	Amoxil capsules 500mg
96 Dalmane capsules 15mg	Aldactazide tablets 25/25	Benadryl capsules 25mg
97 Anaprox 275mg	Fiorinal w/codeine #3	Persantine tablets 25mg
98 Halcion tablets 0.25mg	Ovral-21	Halcion tablets 0.5mg
99 Catapres tablets 0.1mg	Hydergine Oral tablets 1mg	Hydrodiuril tablets 50mg
100 Ceclor pulvules 250mg	Provera tablets 10mg	Talwin NX tablets

*Based on AWP cost

Top 200 Products Ranked

Number of Rxs	$ Volume	$ Margin*
101 Capoten tablets 25mg	Dimetapp extab	Desyrel tablets 50mg
102 Aldomet tablets 500mg	Lo Ovral-28	Librax capsules
103 Transderm Nitro 5mg disk	Transderm Nitro 10mg disk	Percocet-5 tablets
104 Tegretol tablets 200mg	Carafate tablets 1gm	Lotrimin cream 1%
105 Tolectin DS capsules 400mg	Ortho Novum 1/35-21	Cardizem tablets 30mg
106 Persantine tablets 50mg	Desyrel tablets 50mg	Duricef capsules 500mg
107 Naprosyn tablets 500mg	Eryc capsules 250mg	Tranxene capsules 3.75mg
108 Xanax tablets 0.25mg	Vibramycin capsules 100mg	Macrodantin capsules 50mg
109 Nalfon tablets 600mg	Timoptic 0.25% 15ml	Indocin SR 75mg
110 Insulin Lo-Dose syringes U100	Valium tablets 2mg	Naldecon tablets
111 E-mycin tablets 250mg	Vibra-tabs 100mg	Benadryl Kapsules 50mg
112 Lotrimin cream 1%	Minocin capsules 100mg	Zyloprim tablets 300mg
113 Donnatal tablets	Xanax tablets 0.25mg	Ativan tablets 2mg
114 Hygroton tablets 50mg	Triavil 2-25 tablets	Septra susp
115 Halcion tablets 0.5mg	Corgard tablets 80mg	Nitrostat tablets 0.4mg
116 Omnipen capsules 250mg	Amoxil capsules 500mg	Insulin NPH U100
117 Cardizem tablets 30mg	Hygroton tablets 50mg	Aldomet tablets 500mg
118 Erythrocin tablets 250mg	Indocin capsules 50mg	Tylox capsules
119 Acetaminophen w/codeine 30mg	Xanax tablets 1mg	Ornade spansules
120 Coumadin tablets 5mg	Restoril capsules 30mg	Erythrocin tablets 250mg
121 Tranxene capsules 3.75mg	Quinidex extentabs	Rufen tablets 600mg
122 Dolobid tablets 500mg	Lomotil tablets 2.5mg	Donnatal tablets
123 Synthroid tablets 0.15mg	Trinalin tablets	Hygroton tablets 50mg
124 Benadryl kapsules 50mg	K-tabs 750mg	Omnipen capsules 250mg
125 Tolinase tablets 250mg	Inderal LA capsules 80mg	Phenergan expt w/codeine
126 Ornade spansules	K-Lyte orange 25mEq	Restoril capsules 15mg
127 Norinyl 1-50 21s	Calan tablets 80mg	Tavist-D tablets
128 Thyroid tablets 1gr	Insulin Lo-Dose syringes U100	Coumadin tablets 5mg
129 Aldactazide tablets 25/25	Rufen tablets 400mg	Aldactazide tablets 25/25
130 Rufen tablets 600mg	Ortho Novum 1/50-28	Persantine tablets 75mg
131 Desyrel tablets 50mg	Inderide 40-25	Cardizem tablets 60mg
132 Naldecon tablets	E-mycin tablets 333mg	Minipress capsules 2mg
133 Macrodantin capsules 50mg	Lasix tablets 20mg	Norpace capsules 150mg
134 Phenergan expt w/codeine	Tranxene capsules 3.75mg	Medrol 4mg
135 Septra susp	Sinemet 25/250 tablets	Darvon cmpd 65 pulvules
136 Omnipen capsules 500mg	Synthroid tablets 0.1mg	Acetaminophen w/codeine 30mg
137 Insulin Lente U100	Ser-Ap-Es tablets	Tolinase tablets 500mg
138 Percocet-5 tablets	Macrodantin capsules 50mg	E-mycin tablets 250mg
139 Synthroid tablets 0.2mg	Talwin NX tablets	Omnipen capsules 500mg
140 Indocin SR 75mg	Naldecon tablets	Clinoril 150mg
141 Restoril capsules 15mg	Halcion tablets 0.25mg	K-lyte orange 25mEq
142 Minipress capsules 2mg	Amoxil susp 125mg/5ml 100ml	Synthroid tablets 0.15mg
143 Klotrix tablets 10mEq	Minipress capsules 5mg	Klotrix tablets 10mEq
144 Clinoril 150mg	Fiorinal tablets	Vibra-tabs 100mg
145 E.E.S. Liquid 200	Norpace capsules 150mg	E.E.S. Liquid 200
146 Talwin NX tablets	Norgesic Forte tablets	Inderal LA capsules 80mg
147 Pen Vee K tablets 250mg	Meclomen capsules 100mg	Imodium capsules 2mg
148 Ser-Ap-Es tablets	Soma 350 tablets	Pediazole susp
149 Inderal tablets 80mg	Insulin Lente U100	Antivert tablets 25mg
150 Tavist-D tablets	Halcion tablets 0.5mg	Phenaphen w/codeine #3

*Based on AWP cost

Top 200 Products Ranked

Number of Rxs	$ Volume	$ Margin*
151 Timoptic 0.25% 15ml	Ornade spansules	Mycolog cream 5gm
152 Darvon cmpd-65 pulvules	Capoten tablets 50mg	Soma 350 tablets
153 Isordil 10mg titradose	Percocet-5 tablets	Vibramycin capsules 100mg
154 K-Lyte orange 25mEq	Lotrimin cream 1%	Nitro-Dur patch 10cm
155 Antivert tablets 25mg	Ceclor susp 250mg/5ml 75ml	Pen Vee K tablets 250mg
156 Duricef capsules 500mg	Synalgos DC capsules	Benadryl elixir
157 Librium capsules 10mg	Dalmane capsules 15mg	Catapres tablets 0.2mg
158 Benadryl elixir	Mellaril tablets 25mg	Elavil tablets 25mg
159 Ativan tablets 2mg	Dimetapp elixir	Synthroid tablets 0.2mg
160 Tetracycline capsules 250mg	Entex LA	Cortisporin Otic susp
161 Medrol 4mg	Norinyl 1-50 21s	Inderide 40-25
162 Elavil tablets 25mg	Orinase tablets 500mg	Quinaglute duratabs
163 Enduron tablets 5mg	Parlodel tablets 2.5mg	Procan SR tablets 500mg
164 Phenaphen w/codeine #3	Coumadin tablets 5mg	Ser-Ap-Es tablets
165 Pediazole susp	Hydrodiuril tablets 50mg	Tenuate dospan 75mg
166 Penicillin VK tablets 250mg	Minocin capsules 50mg	Inderal tablets 80mg
167 Mycolog cream 5gm	Pediazole susp	Mellaril tablets 25mg
168 Materna tablets	Librium capsules 10mg	Calan tablets 80mg
169 Cortisporin Otic susp	Antivert tablets 25mg	Isordil 10mg Titradose
170 Cardizem tablets 60mg	Empirin w/codeine #3 tablets	Librium capsules 10mg
171 Norinyl 1-35 21s	Mycolog cream 5gm	Nasalide soln 0.025%
172 Ortho Novum 10/11-28	Nasalide soln 0.025%	Valisone cream 0.1%
173 Amcill capsules 250mg	Danocrine capsules 200mg	Hydergine oral tablets 1mg
174 Norgesic Forte tablets	Norpace capsules 100mg	Triavil 2-25 tablets
175 Stuartnatal 1 + 1 tablets	Isoptin tablets 80mg	Ionamin-30 capsules
176 Orinase tablets 500mg	Sinemet 25/100 tablets	Brethine tablets 2.5mg
177 Tylox capsules	Nitrobid capsules 6.5mg	Enduron tablets 5mg
178 Inderide 40-25	Tagamet tablets 200mg	Naldecon pediatric syrup
179 Zyloprim tablets 100mg	Isordil 10mg titradose	Desoxyn oral 15mg
180 Nitro-Dur Patch 10cm	Tavist-D tablets	Alupent inhaler refill
181 Sumycin capsules 250mg	Rufen tablets 600mg	Stuartnatal 1 + 1 tablets
182 Catapres tablets 0.2mg	Imodium capsules 2mg	Materna tablets
183 Persantine tablets 75mg	Medrol 4mg	Timoptic 0.25% 15ml
184 Imodium capsules 2mg	E-mycin tablets 250mg	Xanax tablets 1mg
185 Nordette-21	Limbitrol 10-25 tablets	Fiorinal capsules
186 Inderal LA capsules 80mg	Lopid capsules 300mg	Alupent syrup
187 Premarin tablets 0.3mg	Vanceril inhaler	Penicillin VK tablets 250mg
188 Ovral-28	Geocillin tablets	Amcill capsules 250mg
189 Vibra-tabs 100mg	Sinemet 10/100 tablets	Premarin vaginal cream
190 Triavil 2-25 tablets	Atarax tablets 25mg	Fastin capsules 30mg
191 Naldecon pediatric syrup	Valisone cream 0.1%	Quinamm tablets
192 Brethine tablets 2.5mg	Zovirax oint 5%	Premarin tablets 0.3mg
193 Valisone cream 0.1%	Tolinase tablets 500mg	Carafate tablets 1gm
194 Mellaril tablets 25mg	Darvon cmpd-65 pulvules	Thyroid tablets 1gr
195 Alupent syrup	Tenuate dospan 75mg	Insulin Lo-Dose syringes U100
196 Vibramycin capsules 100mg	Atromid S capsules 500mg	Indocin capsules 50mg
197 Antivert tablets 12.5mg	Tagamet tablets 400mg	Vanceril inhaler
198 Ortho Novum 7/7/7-28	Klotrix tablets 10mEq	Tenormin tablets 100mg
199 Phenobarbital tablets 30mg	Haldol tablets 1mg	Robaxin 750mg tablets
200 Quinaglute duratabs	Serax capsules 15mg	Phenergan VC w/codeine

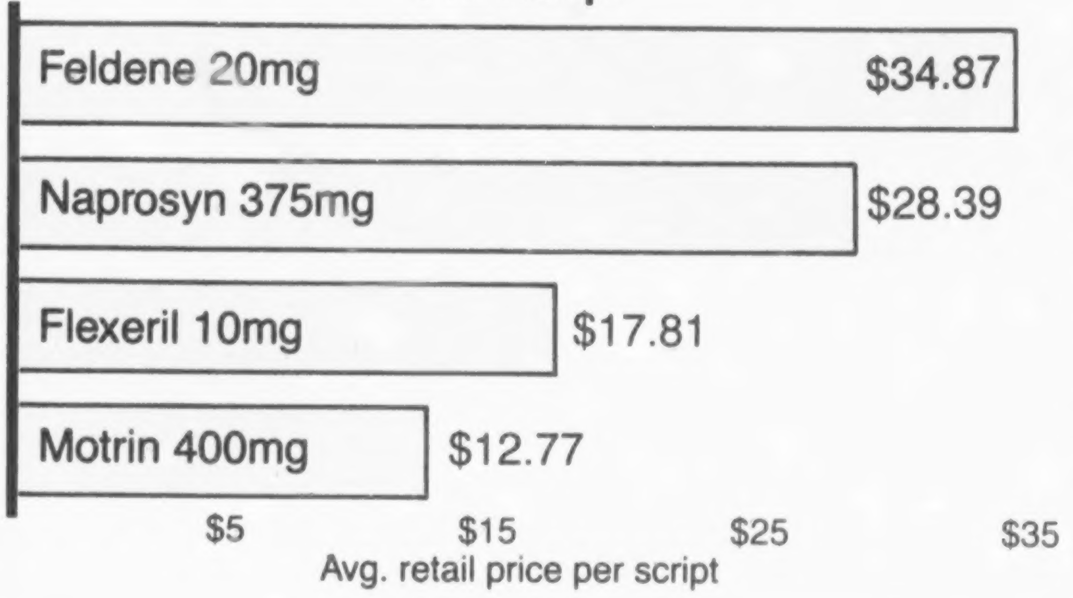
*Based on AWP cost

Dispensing Profiles for Key Pharmaceutical Categories

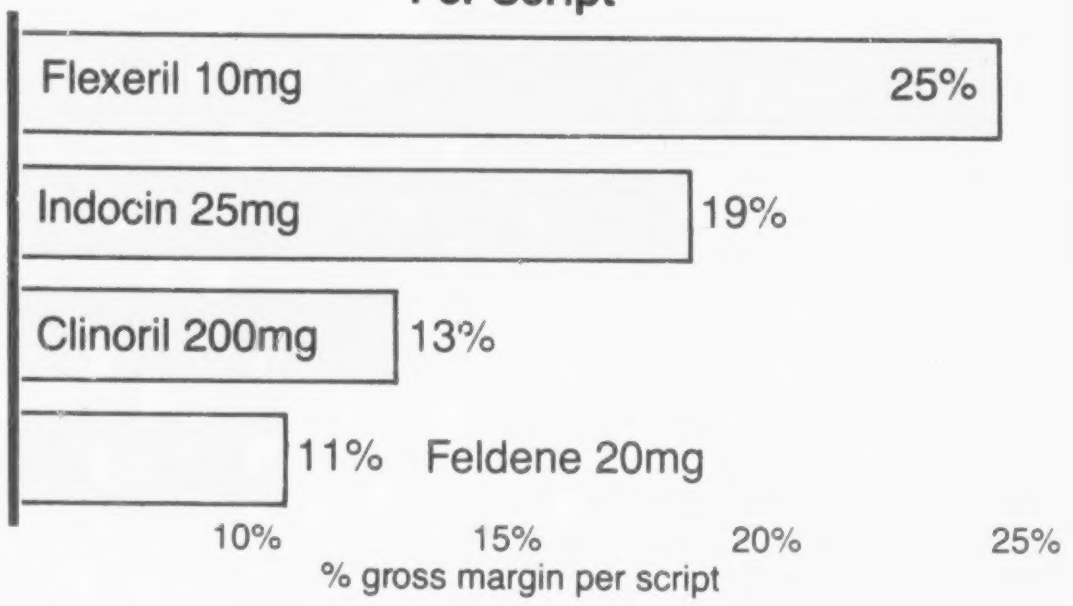
Clinoril 200mg MSD—Avg. Rx #51 $32.36 Avg. % Gross Margin 13%

Quantity Dispensed	0-12	13-16	17-18	19-20	21-24	25-30	31-36	37-50	51-100	100+	**Total**/Avg.
% of Rx Dispensed	1.79	3.08	0.05	8.80	1.17	22.57	0.96	12.85	47.88	0.81	**100.00**
Avg. Refill % by Qty. Disp.	41.05	28.22	33.33	29.89	41.94	47.36	62.75	54.49	58.70	48.84	51.55
Average GM %	34.55	27.15	27.91	25.15	26.17	19.02	18.88	14.49	9.62	5.40	12.52
Profitability Ranking*	5	6	1	8	4	9	3	7	10	2	—

Average Retail Price Per Script



% Gross Margin Per Script



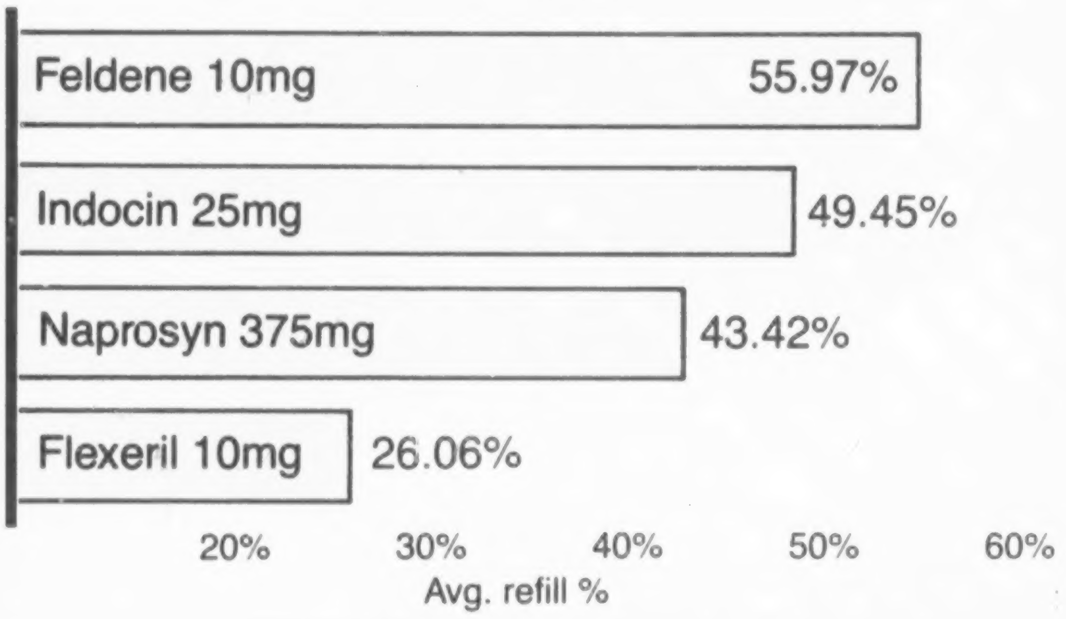
Indocin Caps 25mg MSD—Avg. Rx #58 $17.99 Avg. % Gross Margin 19%

Quantity Dispensed	0-12	13-16	17-18	19-20	21-24	25-30	31-36	37-50	51-100	100+	**Total**/Avg.
% of Rx Dispensed	1.54	2.28	0.33	4.69	4.24	24.10	1.38	19.15	39.34	2.91	**100.00**
Avg. Refill % by Qty. Disp.	29.11	27.35	29.41	26.25	30.88	36.82	50.70	51.22	62.10	65.77	49.45
Average GM %	50.38	43.66	42.52	36.99	40.27	30.47	30.09	23.15	13.72	8.04	18.97
Profitability Ranking*	4	5	1	7	6	10	3	8	9	2	—

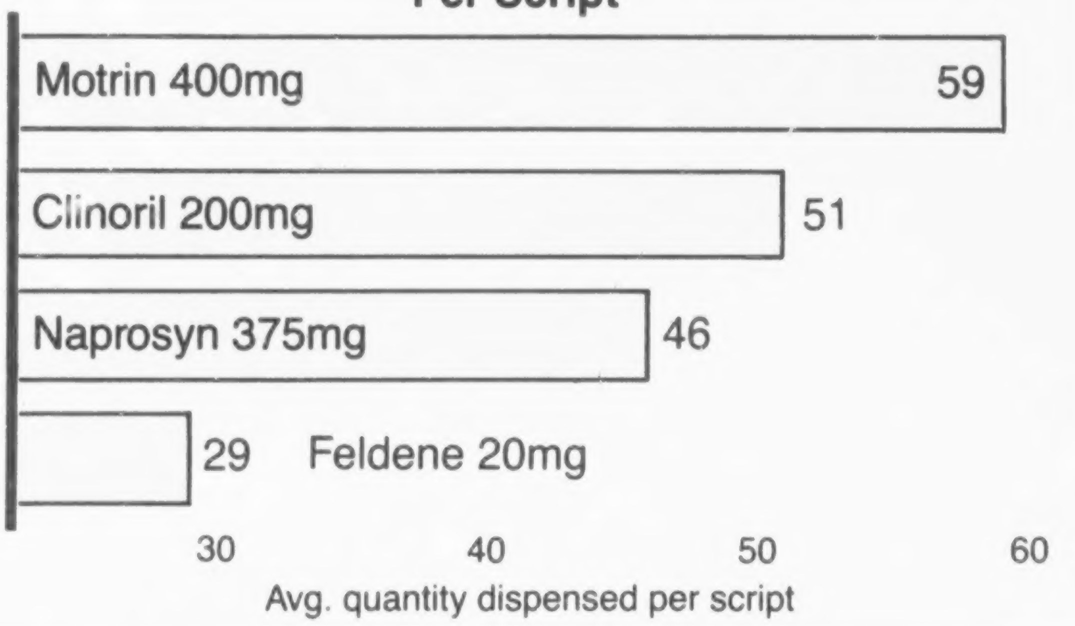
Motrin Tabs 400mg Upjohn—Avg. Rx #59 $12.77 Avg. % Gross Margin 26%

Quantity Dispensed	0-12	13-16	17-18	19-20	21-24	25-30	31-36	37-50	51-100	100+	**Total**/Avg.
% of Rx Dispensed	3.16	2.45	0.30	7.47	3.20	19.34	1.24	18.55	37.92	6.31	**100.00**
Avg. Refill % by Qty. Disp.	10.03	19.83	17.24	20.65	30.69	36.41	50.00	43.27	58.47	63.82	45.29
Average GM %	60.61	54.15	49.44	47.19	46.77	39.50	40.13	31.40	20.83	15.61	26.39
Profitability Ranking*	6	4	1	7	5	9	2	8	10	3	—

Average Refill %



Average Quantity Dispensed Per Script



Naprosyn Tabs 375mg Syntex—Avg. Rx #46 $28.39 Avg. % Gross Margin 16%

Quantity Dispensed	0-12	13-16	17-18	19-20	21-24	25-30	31-36	37-50	51-100	100+	**Total**/Avg.
% of Rx Dispensed	2.43	4.62	0.22	11.06	2.53	24.82	1.44	15.06	37.03	0.74	**100.00**
Avg. Refill % by Qty. Disp.	22.94	27.55	62.50	26.00	32.20	41.58	50.50	48.48	51.53	42.31	43.42
Average GM %	37.67	33.99	27.16	27.53	27.55	22.00	20.04	16.11	11.19	7.43	15.64
Profitability Ranking*	5	6	1	8	4	10	3	7	9	2	—

Store News ranked each quantity on a scale of 1-10; 10 being the most profitable quantity to dispense in terms of product movement and average gross margins.

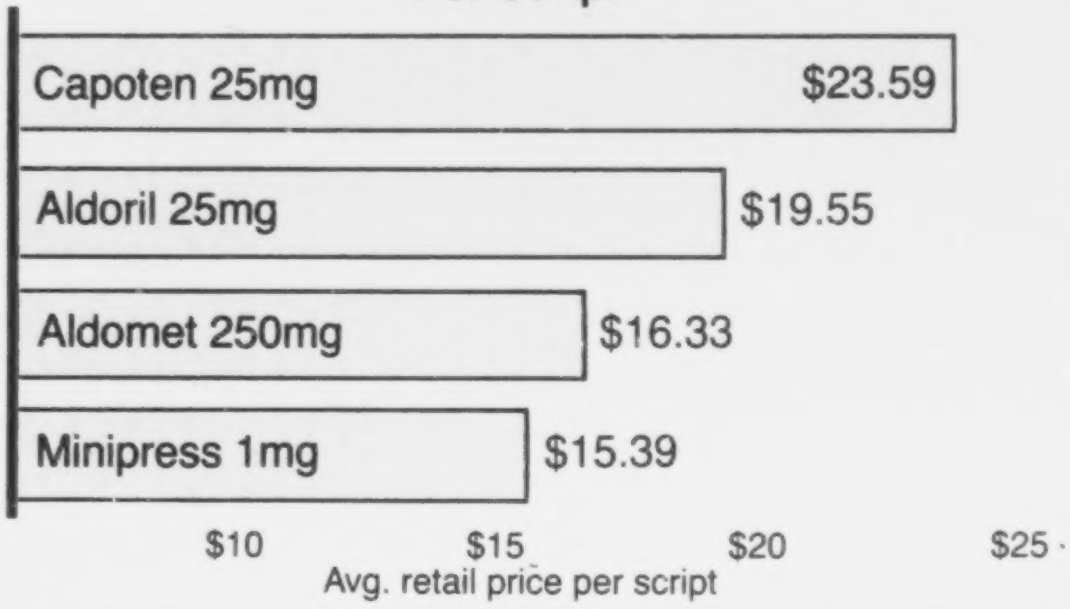
Dispensing Profiles/Antihypertensives

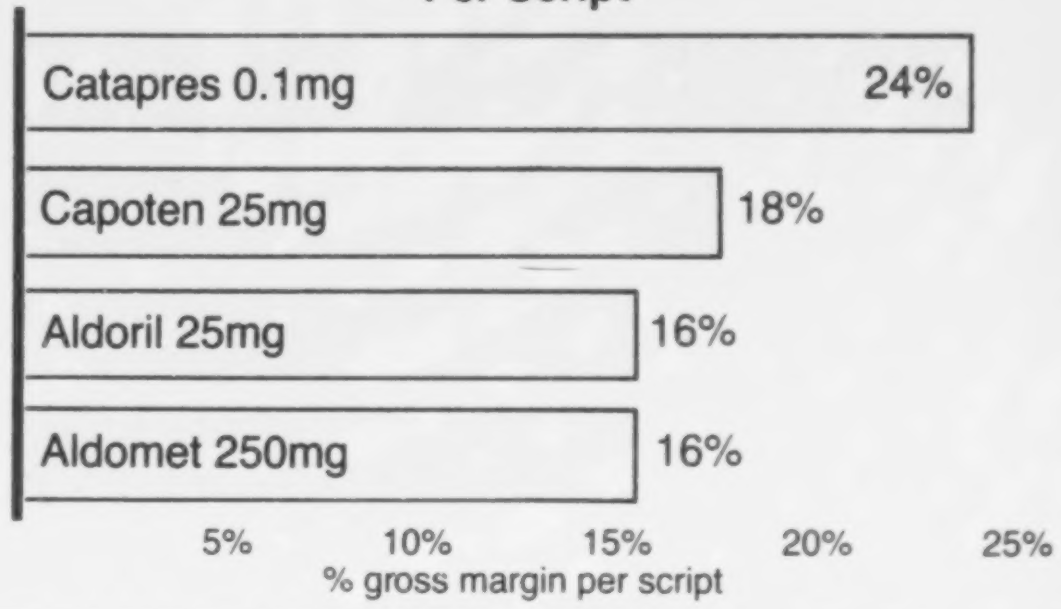
Aldoril-25 Tabs MSD—Avg. Rx #73 $19.55 Avg. % Gross Margin 16%

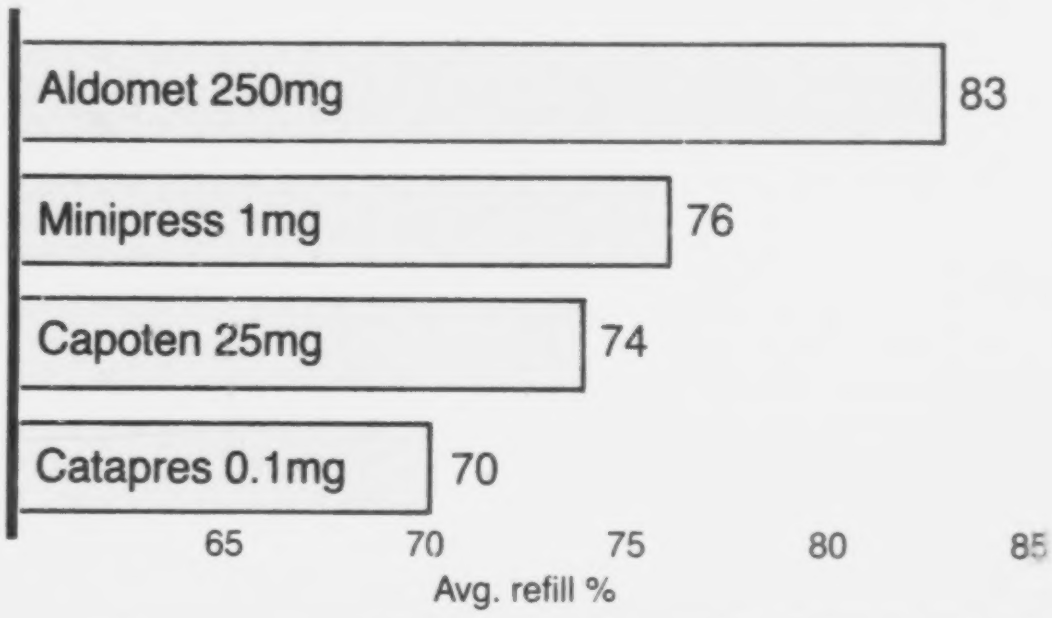
Quantity Dispensed	0-12	13-16	17-18	19-20	21-24	25-30	31-36	37-50	51-100	100+	**Total**/Avg.
% of Rx Dispensed	0.88	0.81	0.04	0.24	0.35	15.47	2.68	8.39	67.51	3.59	**100.00**
Avg. Refill % by Qty. Disp.	80.00	72.97	50.00	54.55	81.25	72.93	76.23	74.54	71.07	66.26	71.70
Average GM %	51.21	42.96	41.23	38.67	48.46	31.86	33.41	23.64	14.05	9.13	16.25
Profitability Ranking*	6	5	1	2	3	9	7	8	10	4	—

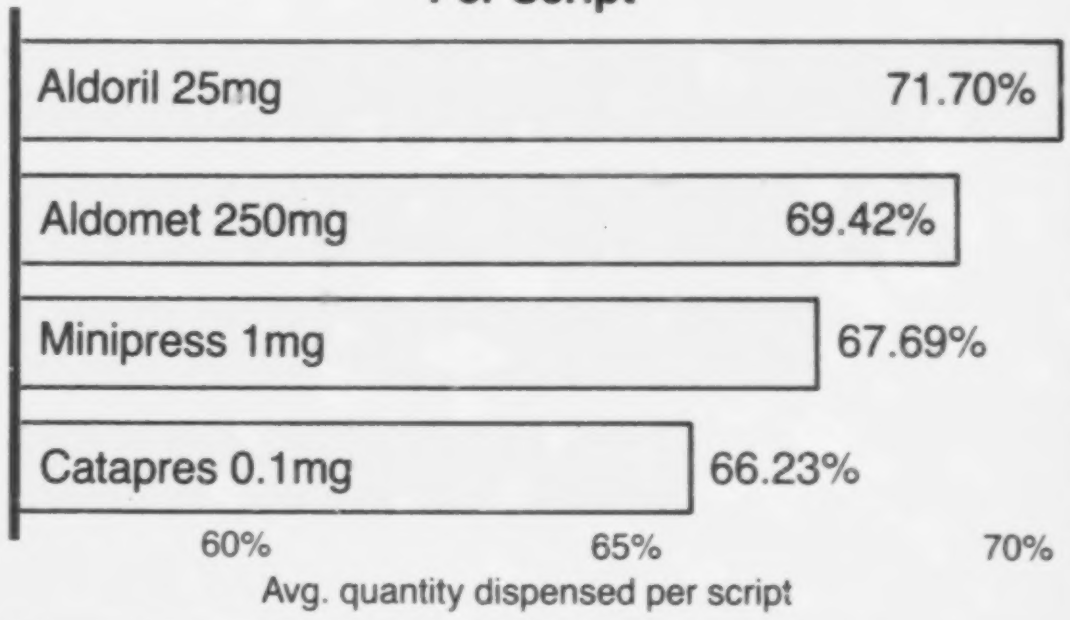
Capoten Tabs 25mg Squibb—Avg. Rx #74 $23.59 Avg. % Gross Margin 18%

Quantity Dispensed	0-12	13-16	17-18	19-20	21-24	25-30	31-36	37-50	51-100	100+	**Total**/Avg.
% of Rx Dispensed	0.86	1.39	0.11	1.50	1.02	14.13	0.75	14.24	61.25	4.70	**100.00**
Avg. Refill % by Qty. Disp.	45.16	64.00	75.00	42.59	59.46	64.57	59.26	66.21	67.51	70.41	66.30
Average GM %	52.50	45.95	46.64	41.77	40.84	32.11	30.29	23.43	16.13	8.87	17.80
Profitability Ranking*	5	7	1	6	4	9	2	8	10	3	—


Average Retail Price Per Script


% Gross Margin Per Script


Average Refill %


Average Quantity Dispensed Per Script

Catapres Tabs 0.1mg Boehringer—Avg. Rx #70 $16.00 Avg. % Gross Margin 24%

Quantity Dispensed	0-12	13-16	17-18	19-20	21-24	25-30	31-36	37-50	51-100	100+	**Total**/Avg.
% of Rx Dispensed	1.93	1.25	0.10	1.09	0.38	17.96	3.05	7.76	61.65	4.79	**100.00**
Avg. Refill % by Qty. Disp.	59.15	50.00	50.00	30.00	85.71	63.88	66.07	68.42	67.33	71.59	66.23
Average GM %	62.20	56.04	56.75	46.94	44.91	40.06	38.65	30.85	21.17	15.53	23.92
Profitability Ranking*	7	4	1	3	2	9	6	8	10	5	—

Minipress Caps 1mg Pfizer—Avg. Rx #76 $15.39 Avg. % Gross Margin 24%

Quantity Dispensed	0-12	13-16	17-18	19-20	21-24	25-30	31-36	37-50	51-100	100+	**Total**/Avg.
% of Rx Dispensed	0.66	0.77	0.06	0.58	0.49	12.68	1.14	8.76	69.56	5.25	**100.00**
Avg. Refill % by Qty. Disp.	54.84	41.67	66.67	33.33	78.26	59.42	75.47	70.52	68.92	73.36	67.69
Average GM %	45.24	56.76	49.88	48.78	52.48	41.98	39.73	33.83	22.38	15.56	24.05
Profitability Ranking*	4	5	1	3	2	9	6	8	10	7	—

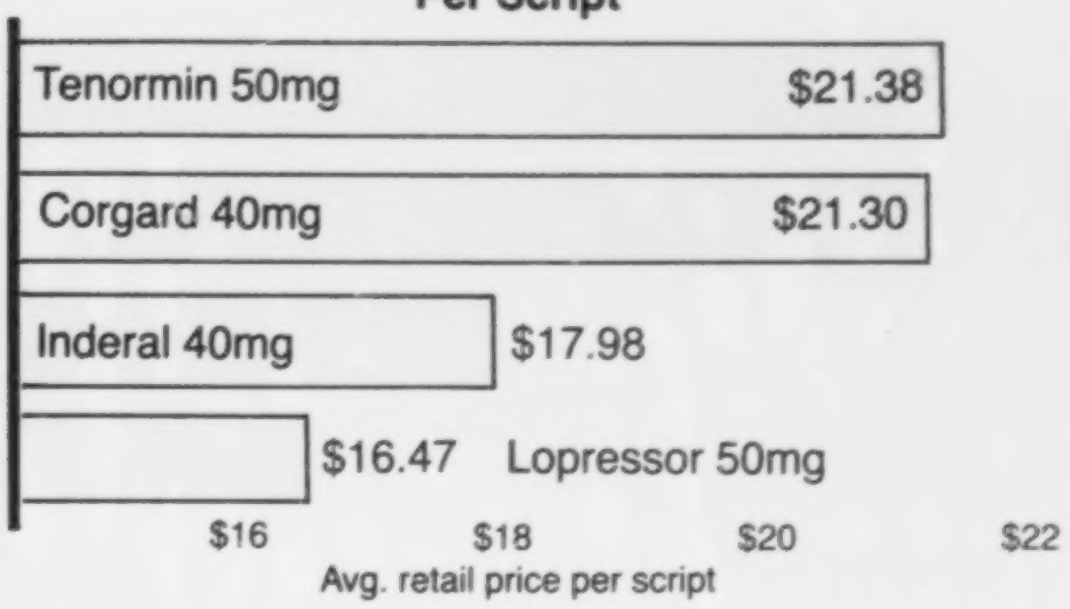
*Drug Store News ranked each quantity on a scale of 1-10; 10 being the most profitable quantity to dispense in terms of product movement and average gross margins

Dispensing Profiles/Beta Adrenergic Blockers

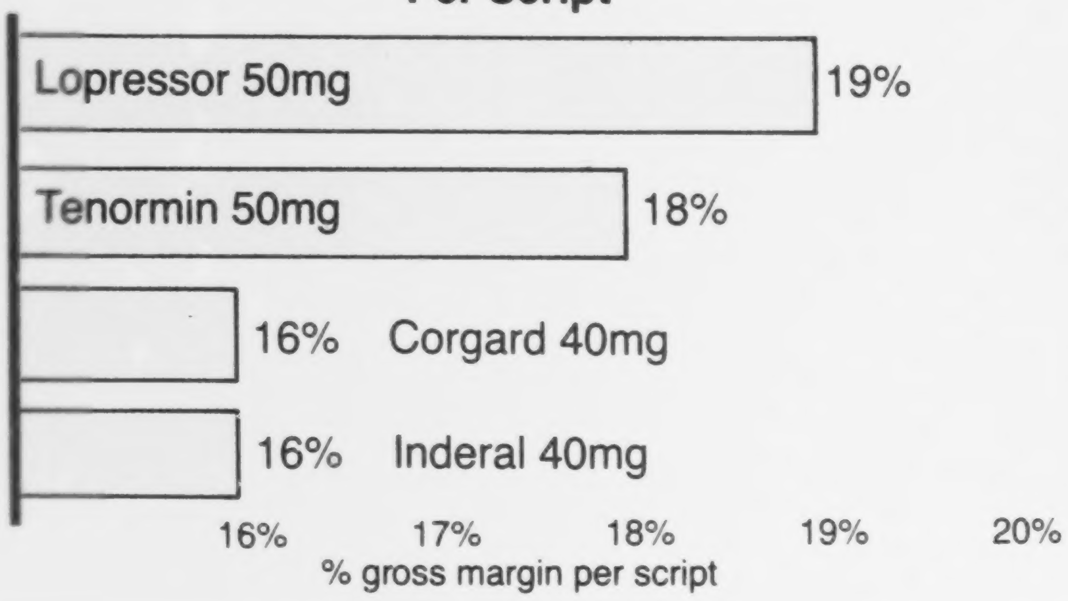
Corgard Tabs 40mg Squibb—Avg. Rx #51 $21.30 Avg. % Gross Margin 16%

Quantity Dispensed	0-12	13-16	17-18	19-20	21-24	25-30.	31-36	37-50	51-100	100 +	**Total**/Avg.
% of Rx Dispensed	1.34	3.26	0.35	1.44	0.39	39.17	6.90	14.73	31.59	0.80	**100.00**
Avg. Refill % by Qty. Disp.	52.31	65.82	76.47	67.14	78.95	71.94	70.66	72.37	67.76	48.72	69.92
Average GM %	43.93	36.77	36.67	32.21	34.30	22.92	23.17	17.76	10.98	7.61	16.22
Profitability Ranking*	5	6	2	4	3	10	7	8	9	1	—

Average Retail Price Per Script



% Gross Margin Per Script



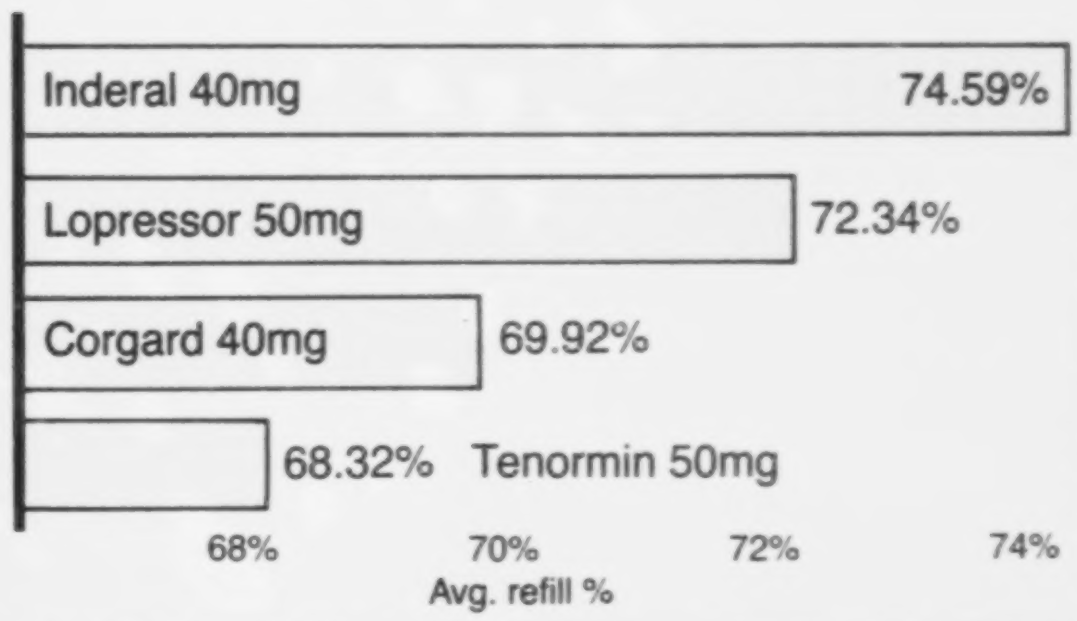
Inderal Tabs 40mg Ayerst—Avg. Rx #96 $17.98 Avg. % Gross Margin 16%

Quantity Dispensed	0-12	13-16	17-18	19-20	21-24	25-30	31-36	37-50	51-100	100 +	**Total**/Avg.
% of Rx Dispensed	0.44	0.41	0.09	0.67	0.21	4.57	0.50	5.90	70.90	16.27	**100.00**
Avg. Refill % by Qty. Disp.	73.08	71.43	81.82	40.51	68.00	64.94	83.33	77.01	74.84	76.64	74.59
Average GM %	49.15	47.85	46.70	45.57	48.96	38.46	35.74	28.03	15.65	11.24	15.60
Profitability Ranking*	5	4	1	6	2	8	3	7	10	9	—

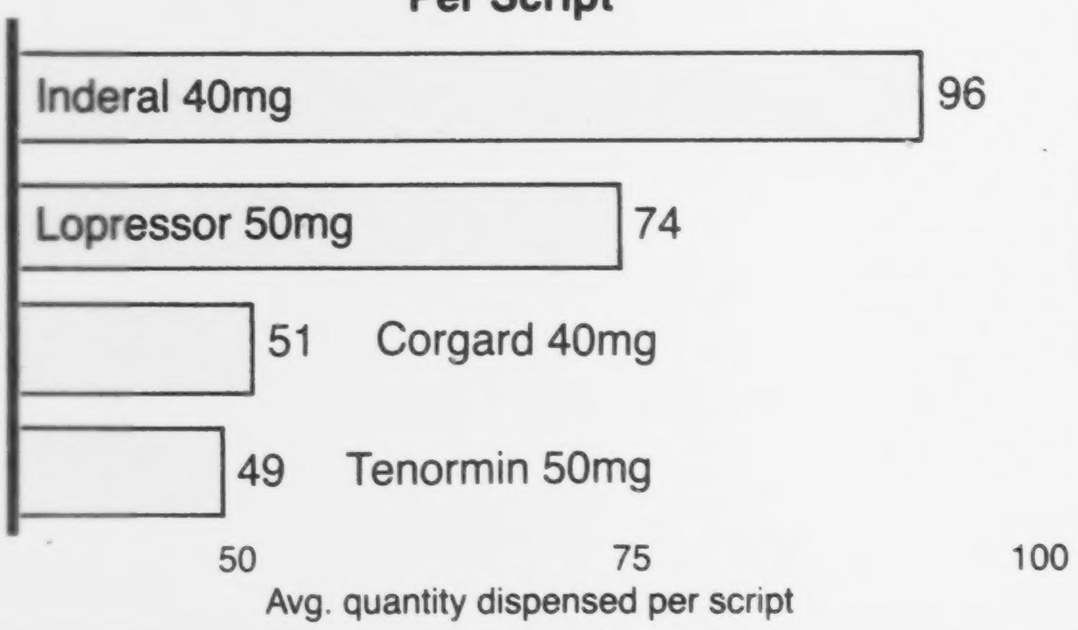
Lopressor Tabs 50mg Geigy—Avg. Rx #74 $16.47 Avg. % Gross Margin 19%

Quantity Dispensed	0-12	13-16	17-18	19-20	21-24	25-30	31-36	37-50	51-100	100 +	**Total**/Avg.
% of Rx Dispensed	0.50	1.08	0.08	0.85	0.26	14.41	2.31	10.23	66.38	3.84	**100.00**
Avg. Refill % by Qty. Disp.	64.00	66.98	100.00	65.48	84.62	69.52	70.93	74.90	72.87	70.56	72.34
Average GM %	59.79	51.30	43.43	44.36	41.25	36.05	35.28	27.09	16.57	11.38	18.99
Profitability Ranking*	3	6	1	4	2	9	7	8	10	5	—

Average Refill %



Average Quantity Dispensed Per Script



Tenormin Tabs 50mg Stuart—Avg. Rx #49 $21.38 Avg. % Gross Margin 18%

Quantity Dispensed	0-12	13-16	17-18	19-20	21-24	25-30	31-36	37-50	51-100	100 +	**Total**/Avg.
% of Rx Dispensed	1.17	2.14	0.23	1.08	0.25	44.20	7.39	13.92	28.97	0.61	**100.00**
Avg. Refill % by Qty. Disp.	63.09	63.37	63.33	54.35	71.88	70.68	75.90	70.78	62.97	55.13	68.32
Average GM %	42.51	36.56	33.12	32.30	28.94	23.75	22.50	20.12	12.16	11.22	17.66
Profitability Ranking*	5	6	3	4	2	10	7	8	9	1	—

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g Store News ranked each quantity on a scale of 1-10;10 being the most profitable quantity to dispense in terms of product movement and average gross margins.

Dispensing Profiles/Calcium Channel Blockers

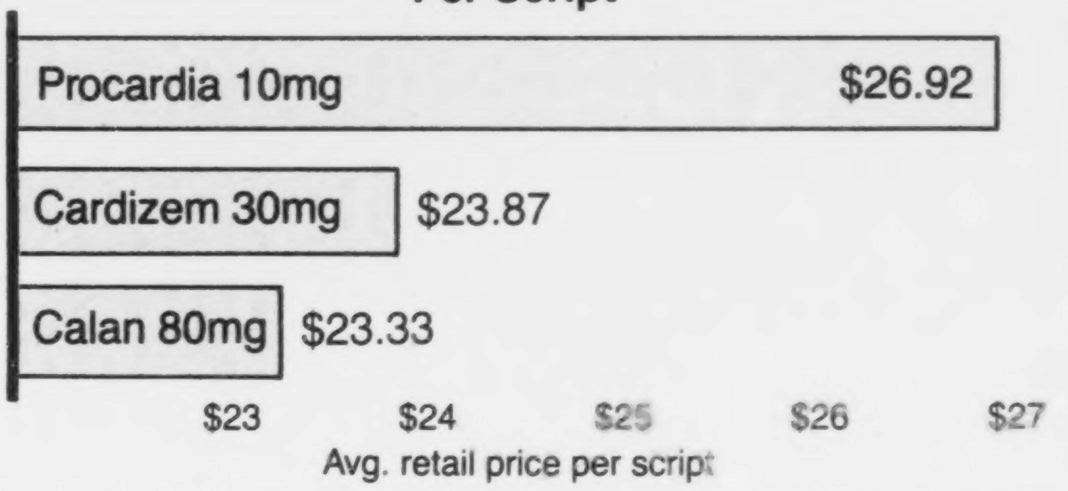
Calan Tabs 80mg Searle—Avg. Rx #87 $23.33 Avg. % Gross Margin 19%

Quantity Dispensed	0-12	13-16	17-18	19-20	21-24	25-30	31-36	37-50	51-100	100 +	Total/Avg.
% of Rx Dispensed	0.20	1.01	0.20	0.55	0.50	5.76	0.60	9.45	76.27	5.41	**100.00**
Avg. Refill % by Qty. Disp.	25.00	65.00	100.00	36.36	70.00	57.89	91.67	78.61	71.09	71.96	70.92
Average GM %	65.59	42.06	45.48	45.14	43.36	36.56	34.68	27.84	18.74	12.07	19.36
Profitability Ranking*	2	6	1	5	4	8	3	9	10	7	—

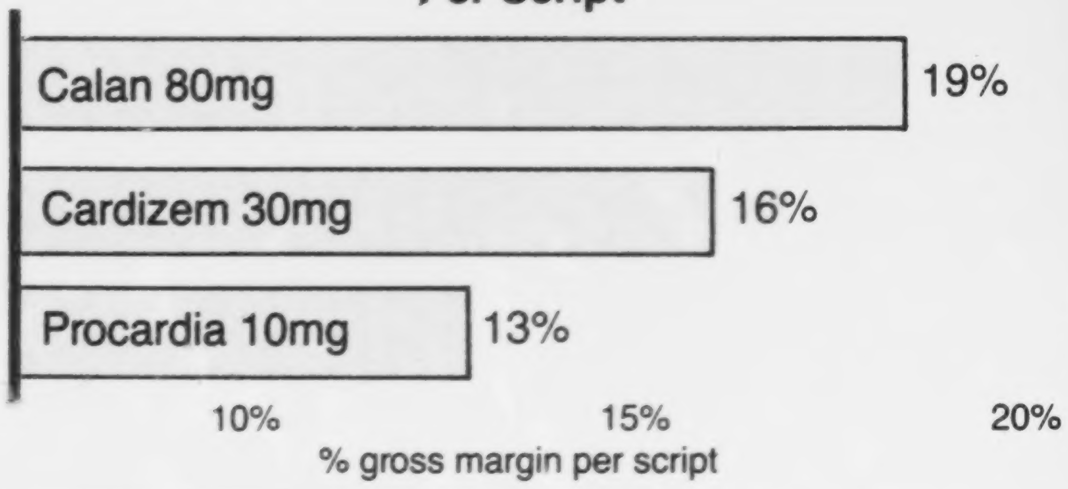
Cardizem Tabs 30mg Marion—Avg. Rx #93 $23.87 Avg. % Gross Margin 16%

Quantity Dispensed	0-12	13-16	17-18	19-20	21-24	25-30	31-36	37-50	51-100	100 +	Total/Avg.
% of Rx Dispensed	0.15	0.24	0.03	0.46	0.33	4.39	0.39	7.71	71.13	15.12	**100.00**
Avg. Refill % by Qty. Disp.	80.00	75.00	100.00	46.67	36.36	60.84	61.54	68.13	72.56	72.36	71.41
Average GM %	78.17	38.06	34.33	35.94	45.65	38.06	35.07	25.82	16.07	12.43	16.28
Profitability Ranking*	3	2	1	6	5	7	4	9	10	8	—

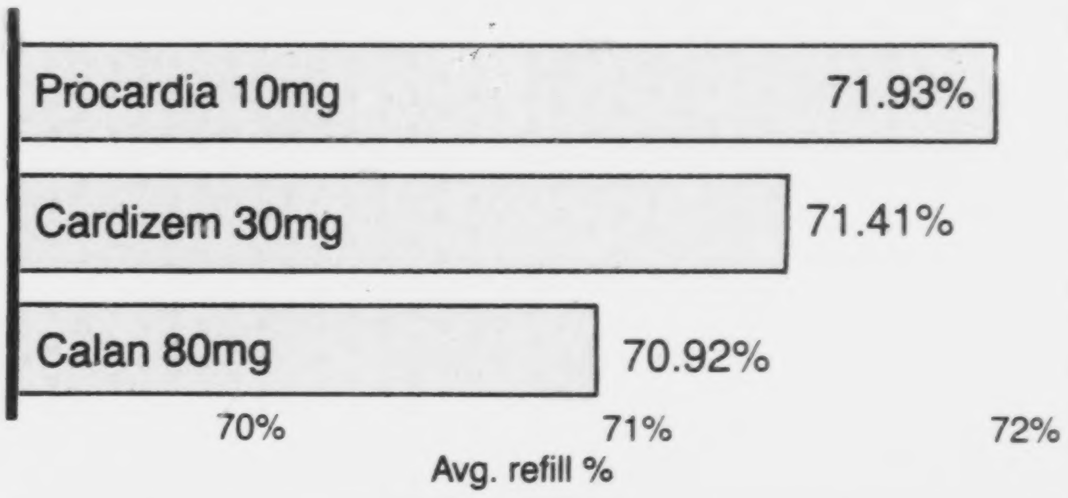
Average Retail Price Per Script



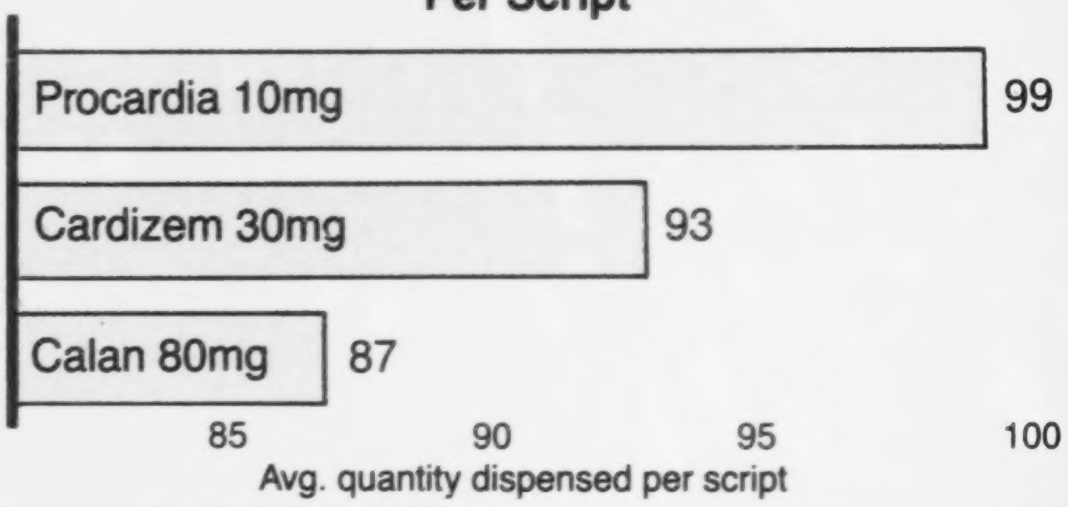
% Gross Margin Per Script



Average Refill %



Average Quantity Dispensed Per Script



Procardia Caps 10mg Pfizer—Avg. Rx #99 $26.92 Avg. % Gross Margin 13%

Quantity Dispensed	0-12	13-16	17-18	19-20	21-24	25-30	31-36	37-50	51-100	100 +	Total/Avg.
% of Rx Dispensed	0.39	0.30	0.01	0.39	0.35	4.36	0.23	7.34	72.21	14.37	**100.00**
Avg. Refill % by Qty. Disp.	51.28	56.67	0.00	33.33	51.43	56.98	78.26	70.68	73.35	72.44	71.93
Average GM %	38.34	43.79	48.68	38.17	38.61	33.31	32.45	22.43	13.00	8.55	12.77
Profitability Ranking*	5	4	1	6	3	8	2	9	10	7	—

Prescriptions

DISCOUNT PRESCRIPTIONS

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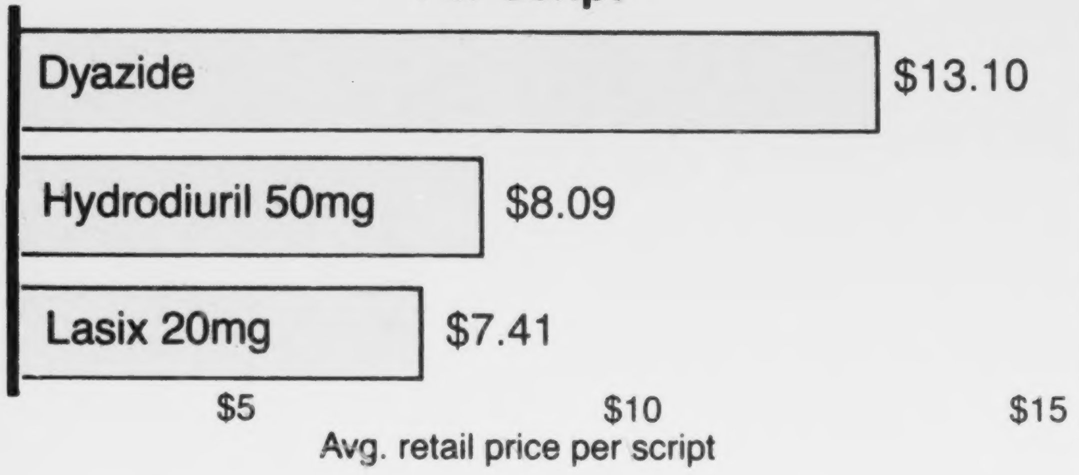
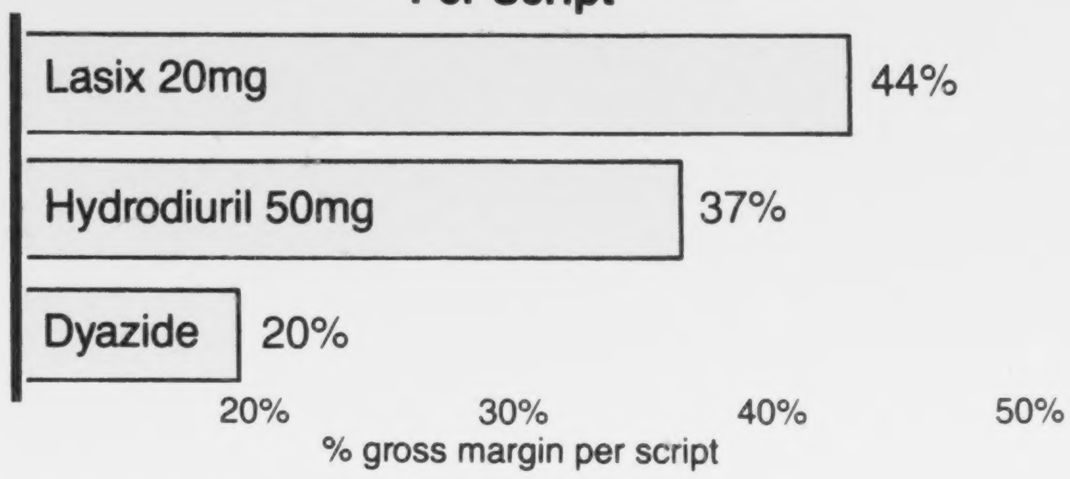
*Drug Store News ranked each quantity on a scale of 1-10; 10 being the most profitable quantity to dispense in terms of product movement and average gross margin

Dispensing Profiles/Diuretics

Dyazide Caps SKF—Avg. Rx #61 $13.10 Avg. % Gross Margin 20%

Quantity Dispensed	0-12	13-16	17-18	19-20	21-24	25-30	31-36	37-50	51-100	100+	Total/Avg.
% of Rx Dispensed	0.93	1.42	0.15	0.97	0.47	31.70	4.96	9.92	47.27	2.17	**100.00**
Avg. Refill % by Qty. Disp.	52.93	56.93	68.75	48.42	68.84	67.88	73.25	71.38	67.78	67.07	67.95
Average GM %	60.19	52.85	49.54	45.78	45.11	36.17	35.99	25.51	13.63	7.51	20.18
Profitability Ranking*	5	6	1	4	3	10	7	8	9	2	—


Average Retail Price Per Script

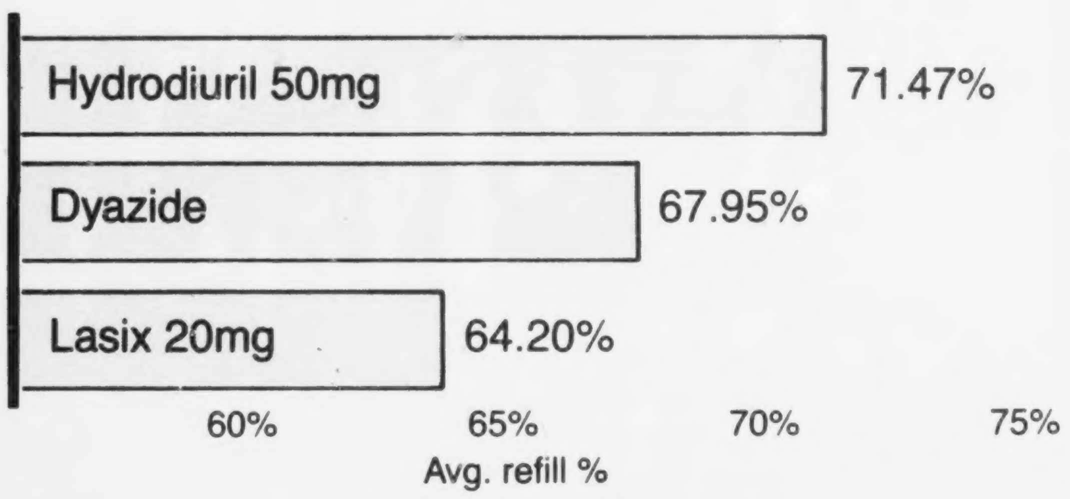

% Gross Margin Per Script

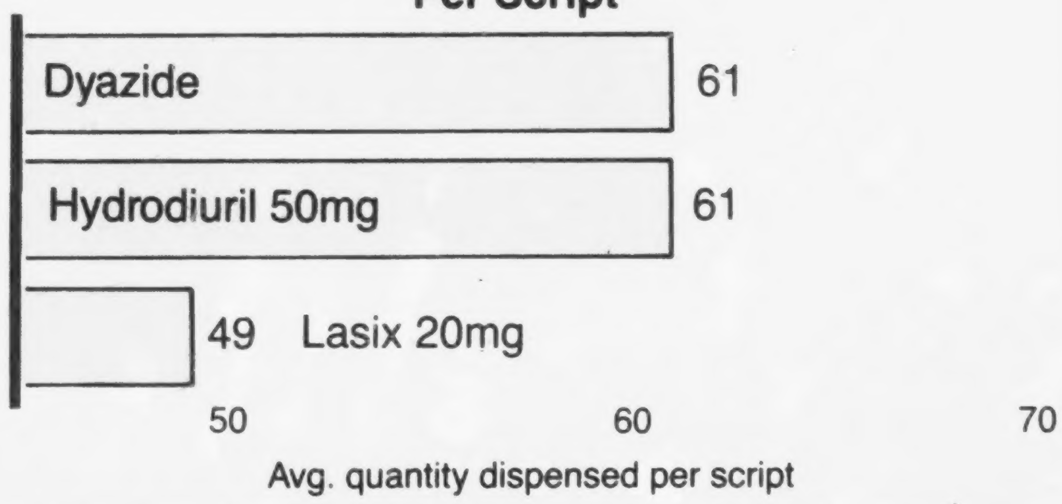
Hydrodiuril Tabs 50mg MSD—Avg. Rx #61 $8.09 Avg. % Gross Margin 37%

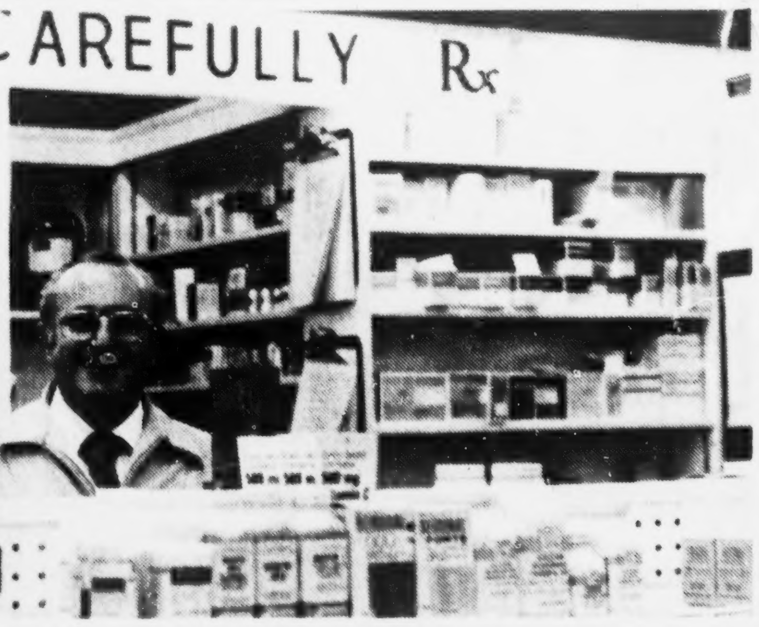
Quantity Dispensed	0-12	13-16	17-18	19-20	21-24	25-30	31-36	37-50	51-100	100+	Total/Avg.
% of Rx Dispensed	0.70	1.31	0.08	1.47	0.63	30.85	5.55	12.92	44.41	2.04	**100.00**
Avg. Refill % by Qty. Disp.	46.88	70.00	75.00	65.67	62.07	70.84	77.47	74.02	71.49	64.52	71.47
Average GM %	77.82	68.77	62.25	62.09	62.45	54.62	53.10	42.14	27.67	20.10	36.56
Profitability Ranking*	4	5	1	6	2	10	7	8	9	3	—

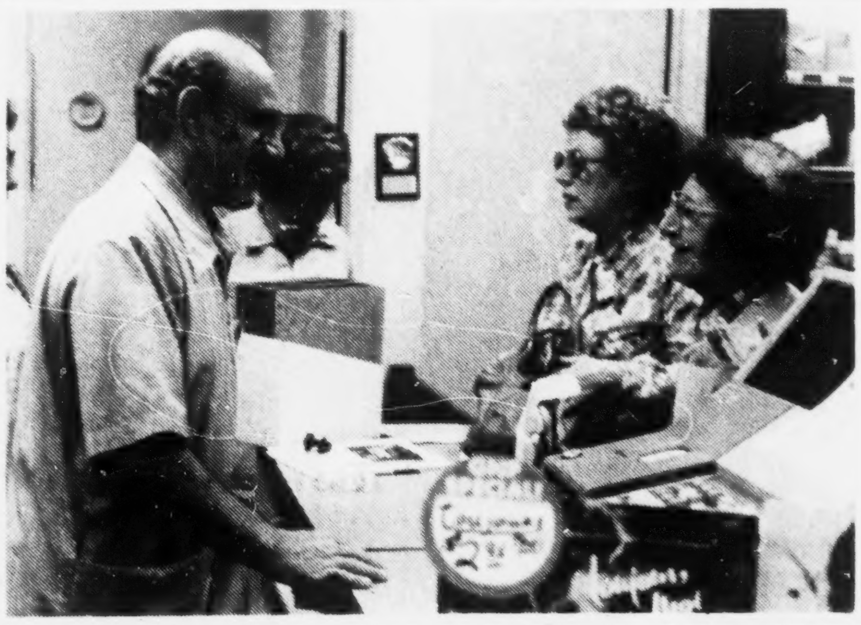
Lasix Tabs 20mg Hoechst—Avg. Rx #49 $7.41 Avg. % Gross Margin 44%

Quantity Dispensed	0-12	13-16	17-18	19-20	21-24	25-30	31-36	37-50	51-100	100+	Total/Avg.
% of Rx Dispensed	2.43	2.91	0.23	3.68	1.11	40.14	4.81	12.34	31.13	1.17	**100.00**
Avg. Refill % by Qty. Disp.	31.58	56.62	90.91	50.00	65.38	66.31	68.44	67.59	64.40	58.18	64.20
Average GM %	72.01	71.91	70.08	63.95	62.35	54.89	55.48	44.63	31.95	23.02	43.53
Profitability Ranking*	4	5	1	6	3	10	7	8	9	2	—


Average Refill %


Average Quantity Dispensed Per Script





Store News ranked each quantity on a scale of 1-10; 10 being the most profitable quantity to dispense in terms of product movement and average gross margins.

Dispensing Profiles/Minor Tranquilizers

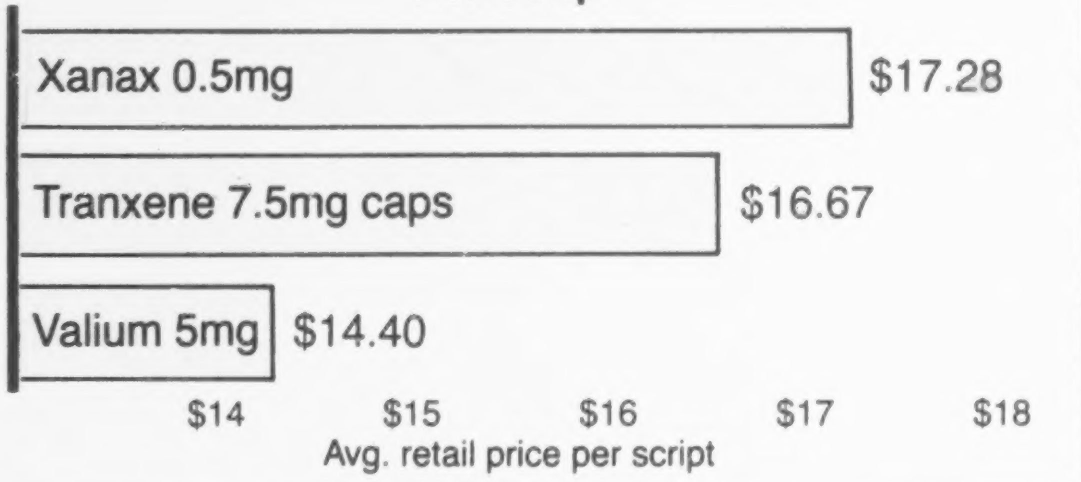
Tranxene Caps 7.5mg Abbott—Avg. Rx #53 $16.67 Avg. % Gross Margin 24%

Quantity Dispensed	0-12	13-16	17-18	19-20	21-24	25-30	31-36	37-50	51-100	100+	Total/Avg.
% of Rx Dispensed	2.60	1.96	0.16	3.40	2.23	29.02	2.73	20.68	35.75	1.43	**100.00**
Avg. Refill % by Qty. Disp.	39.29	35.85	22.22	34.97	40.83	44.75	53.74	51.57	50.31	54.55	47.76
Average GM %	56.31	48.10	45.27	43.15	41.10	34.37	34.14	26.14	16.96	13.83	23.65
Profitability Ranking*	6	5	1	7	3	10	4	8	9	2	—

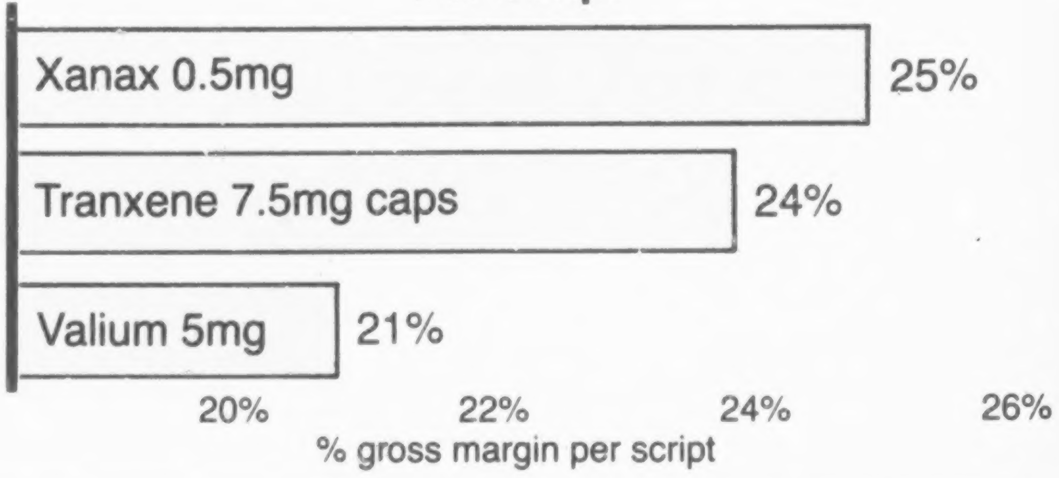
Valium Tabs 5mg Roche—Avg. Rx #53 $14.40 Avg. % Gross Margin 21%

Quantity Dispensed	0-12	13-16	17-18	19-20	21-24	25-30	31-36	37-50	51-100	100+	Total/Avg.
% of Rx Dispensed	3.35	2.25	0.18	4.86	1.98	26.74	2.26	22.13	34.58	1.63	**100.00**
Avg. Refill % by Qty. Disp.	16.11	27.00	37.50	25.35	36.82	41.52	50.89	46.56	51.12	51.79	44.27
Average GM %	58.40	46.17	41.08	41.76	39.79	32.38	31.59	23.91	13.65	9.77	21.02
Profitability Ranking*	6	5	1	7	4	10	3	9	8	2	—

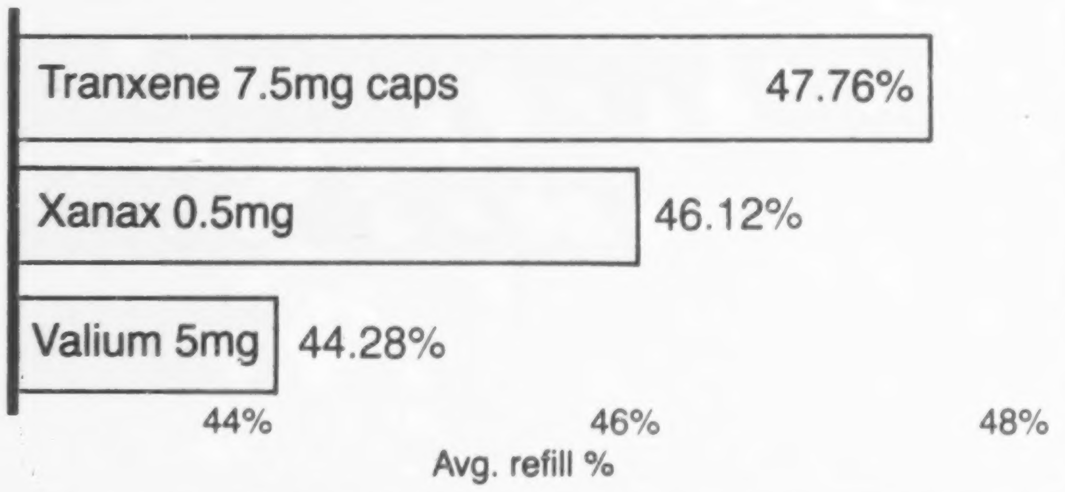
Average Retail Price Per Script



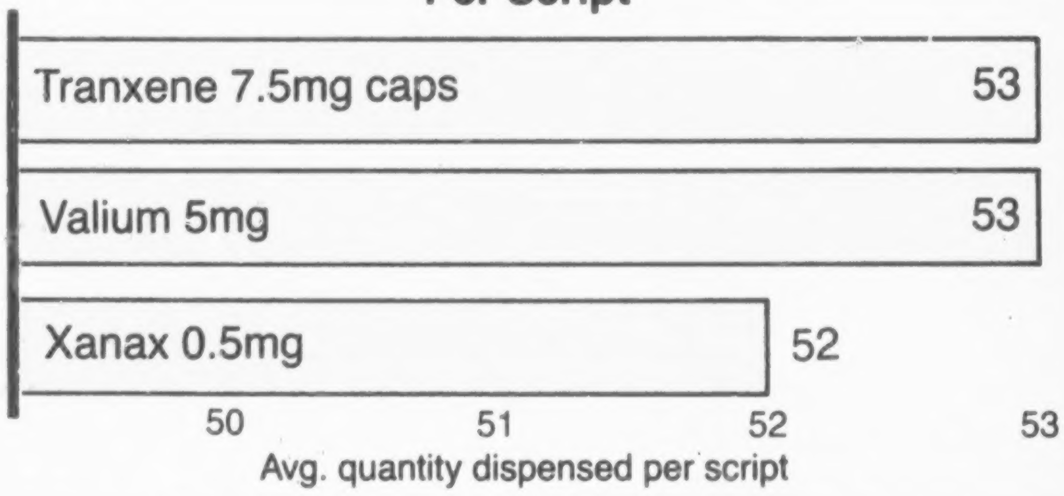
% Gross Margin Per Script



Average Refill %

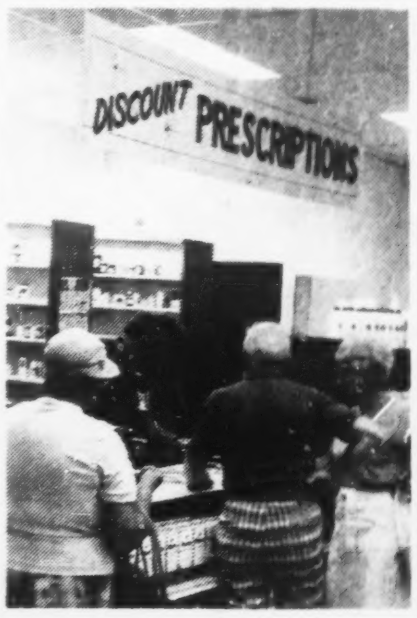


Average Quantity Dispensed Per Script



Xanax Tabs 0.5mg Upjohn—Avg. Rx #52 $17.28 Avg. % Gross Margin 25%

Quantity Dispensed	0-12	13-16	17-18	19-20	21-24	25-30	31-36	37-50	51-100	100+	Total/Avg.
% of Rx Dispensed	2.35	1.99	0.13	4.80	2.08	29.09	2.13	21.08	34.43	1.87	**100.00**
Avg. Refill % by Qty. Disp.	40.29	34.75	50.00	34.51	44.72	44.04	49.21	49.12	48.80	42.34	46.12
Average GM %	53.81	48.46	36.65	44.55	42.03	35.59	31.39	25.98	17.99	15.23	24.55
Profitability Ranking*	6	5	1	7	4	10	3	8	9	2	—



prescriptions

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*Drug Store News ranked each quantity on a scale of 1-10; 10 being the most profitable quantity to dispense in terms of product movement and average gross margi

Top 100 Bulk Buying Chart

Product	Manufacturer	Small		Bulk		Savings	
		Size	Price	Size	Price	$	%
Achromycin V capsules 250mg	Lederle	100	$ 5.61	1,000	$32.07	24.03	74.9
Aldactazide tablets 25/25	Searle	100	23.75	1,000	218.48	19.02	8.7
Aldomet tablets 250mg	MSD	100	17.95	1,000	174.16	5.34	3.1
Aldomet tablets 500mg	MSD	100	32.94	500	162.36	2.34	1.4
Aldoril tablets 25mg	MSD	100	24.43	1,000	237.19	7.11	3.0
Amoxil capsules 500mg	Beecham	100	21.07	500	100.36	4.99	5.0
Anaprox tablets 275mg	Syntex	100	41.28	500	199.32	7.08	3.6
Apresoline tablets 25mg	Ciba	100	11.27	1,000	109.33	3.37	3.1
Ativan tablets 1mg	Wyeth	100	24.23	1,000	230.16	12.14	5.3
Bactrim DS tablets	Roche	100	45.08	500	182.01	43.39	23.8
Benadryl capsules 25mg	Parke Davis	100	7.66	1,000	66.48	10.12	15.2
Benadryl capsules 50mg	Parke Davis	100	11.33	1,000	99.14	14.16	14.3
Brethine tablets 2.5mg	Geigy	100	11.86	1,000	114.96	3.64	3.2
Calan tablets	Searle	100	22.03	1,000	187.68	32.62	17.4
Catapres tablets 0.1mg	Boehringer Ingelheim	100	18.03	1,000	174.88	5.42	3.1
Catapres tablets 0.2mg	Boehringer Ingelheim	100	27.54	1,000	267.18	8.22	3.1
Ceclor capsules 250mg	Lilly	15	13.97	100	88.63	4.50	5.1
Corgard tablets 40mg	Squibb	100	37.50	1,000	358.13	16.87	4.7
Coumadin tablets 5mg	Dupont	100	14.16	1,000	133.56	8.04	6.0
Dalmane capsules 30mg	Roche	100	21.68	500	107.40	1.00	0.9
Darvocet N 100mg	Lilly	100	22.83	500	108.43	5.72	5.3
Darvon Compound capsules 65mg	Lilly	100	14.91	500	70.84	3.71	5.2
Diabinese tablets 250mg	Pfizer	100	34.59	1,000	331.98	13.92	4.2
Dimetapp Extab	A. H. Robins	100	20.35	500	92.80	8.95	9.6
Dipyridamole tablets 25mg	Rugby	100	4.70	1,000	24.80	19.20	77.4
Donnatal tablets	A. H. Robins	100	3.95	1,000	35.85	3.65	10.2
Dyazide capsules	SKF	100	18.15	1,000	175.20	6.30	3.6
EES 400 Filmtabs	Abbott	100	24.15	500	109.78	10.97	10.0
E mycin tablets 250mg	Upjohn	100	20.36	500	101.00	0.80	0.8
Enduron tablets 5mg	Abbott	100	15.65	1,000	151.80	4.70	3.1
Eryc capsules 250mg	Parke Davis	100	21.37	500	104.70	2.15	2.1
Feldene capsules 20mg	Pfizer	100	114.70	500	561.58	11.92	2.1
Fiorinal tablets	Sandoz	100	14.88	1,000	141.00	7.80	5.5
Flexeril tablets 10mg	MSD	30	13.35	100	42.01	2.49	5.9
Hydergine oral tablets 1mg	Sandoz	100	25.68	500	121.80	6.60	5.4
Hydrochlorothiazide 50mg	Rugby	100	1.94	1,000	9.65	9.75	101.0
Hydrodiuril tablets 50mg	MSD	100	9.29	5,000	414.24	50.26	12.1
Inderal tablets 10mg	Ayerst	100	8.41	5,000	391.90	28.60	7.3
Inderal tablets 20mg	Ayerst	100	11.82	5,000	551.41	39.59	7.2
Inderal tablets 40mg	Ayerst	100	17.04	5,000	794.17	57.83	7.3
Inderal tablets 80mg	Ayerst	100	28.42	1,000	273.13	11.07	4.1
Indocin capsules 25mg	MSD	100	27.14	1,000	263.18	8.22	3.1
Isordil Titradose 10mg	Ives	100	9.17	1,000	86.18	5.52	6.4
K-tabs 750mg	Abbott	100	9.12	1,000	87.59	3.61	4.1
Keflex pulvules 250mg	Dista	20	12.14	100	57.81	2.89	5.0
Keflex capsules 500mg	Dista	20	23.89	100	113.61	5.84	5.1
Klotrix tablets 10mEq	Mead Johnson	100	8.83	1,000	78.34	9.96	12.7
Lanoxin tablets 0.125mg	Burroughs Wellcome	100	3.42	1,000	27.60	6.60	23.7
Lanoxin tablets 0.25mg	Burroughs Wellcome	100	3.59	5,000	124.20	55.30	44.5
Lasix tablets 20mg	Hoechst	100	8.85	1,000	79.85	8.65	10.8

Top 100 Bulk Buying Chart

Product	Manufacturer	Small		Bulk		Savings	
		Size	Price	Size	Price	$	%
Lasix tablets 40mg	Hoechst	100	12.45	1,000	112.35	12.15	10.8
Librax capsules	Roche	100	24.24	500	120.20	1.00	0.8
Lomotil tablets	Searle	100	24.16	2,500	520.86	83.14	16.0
Lopressor tablets 50mg	Geigy	100	19.20	1,000	186.05	5.95	3.2
Lopressor tablets 100mg	Geigy	100	34.55	1,000	334.95	10.55	3.1
Medrol 4mg	Upjohn	21	8.00	100	35.13	2.97	8.4
Mellaril tablets	Sandoz	100	20.10	1,000	181.86	19.14	10.5
Micro K capsules 8mEq	A.H. Robins	100	7.80	500	34.90	4.10	11.7
Minipress capsules 1mg	Pfizer	250	40.30	1,000	158.05	3.15	2.0
Minipress capsules 2mg	Pfizer	250	56.11	1,000	220.00	4.44	2.0
Motrin tablets 400mg	Upjohn	100	17.31	500	82.50	4.05	4.9
Motrin tablets 600mg	Upjohn	100	24.56	500	117.50	5.30	4.5
Nalfon tablets 600mg	Dista	100	34.31	500	166.66	4.89	2.9
Naprosyn tablets 250mg	Syntex	100	42.62	500	207.77	5.33	2.6
Naprosyn tablets 375mg	Syntex	100	54.30	500	263.38	8.12	3.1
Parafon Forte tablets	McNeil	100	27.06	500	131.34	3.96	3.0
Orinase tablets 500mg	Upjohn	100	17.49	1,000	170.65	4.25	2.5
Percodan tablets	Du Pont	100	20.75	1,000	196.38	11.12	5.7
Persantine tablets 25mg	Boehringer Ingelheim	100	13.48	1,000	127.93	6.87	5.4
Persantine tablets 50mg	Boehringer Ingelheim	100	21.74	1,000	206.51	10.89	5.3
Persantine tablets 75mg	Boehringer Ingelheim	100	29.08	500	141.04	4.36	3.1
Phenobarbital tablets 30mg	Lilly	100	1.60	1,000	7.85	8.15	103.8
Premarin tablets 0.625mg	Ayerst	100	11.59	1,000	110.53	5.37	4.9
Premarin tablets 1.25mg	Ayerst	100	15.86	1,000	151.32	7.28	4.8
Procan SR tablets 500mg	Parke Davis	100	24.67	500	117.18	6.17	5.3
Procardia capsules 10mg	Pfizer	100	24.88	300	73.13	1.51	2.1
Quinaglute duratabs	Berlex	100	36.80	500	168.20	15.80	9.4
Reglan tablets	A.H. Robins	100	23.55	500	111.80	5.95	5.3
Rufen tablets 400mg	Boots	100	10.80	500	48.00	6.00	12.5
Ser-Ap-Es tablets	Ciba	100	19.86	1,000	192.64	5.96	3.1
Slow K tablets	Ciba	100	8.48	1,000	82.31	2.49	3.0
Stuartnatal 1+1 tablets	Stuart	100	9.66	500	46.87	1.43	3.1
Synthroid tablets 0.1mg	Flint	100	6.24	1,000	53.03	9.37	17.7
Synthroid tablets 0.15mg	Flint	100	7.49	1,000	63.65	11.25	17.7
Synthroid tablets 0.2mg	Flint	100	8.98	1,000	76.29	13.51	17.7
Tegretol tablets 200mg	Geigy	100	20.64	1,000	200.03	6.37	3.2
Theo-Dur tablets 300mg	Key	100	14.09	1,000	129.37	11.53	8.9
Thyroid tablets 1gr	Lilly	100	2.01	1,000	14.33	5.77	40.3
Tolinase tablets 250mg	Upjohn	100	33.90	1,000	326.56	12.44	3.8
Tranxene capsules 7.5mg	Abbott	100	25.29	500	124.59	1.86	1.5
Tylenol w/codeine #3 30mg tablets	McNeil	100	10.18	1,000	93.56	8.24	8.8
Tylenol w/codeine #4 60mg tablets	McNeil	100	19.14	500	90.78	4.92	5.4
Valium tablets 2mg	Roche	100	14.34	500	70.70	1.00	1.4
Valium tablets 5mg	Roche	100	22.36	500	110.80	1.00	0.9
Valium tablets 10mg	Roche	100	37.73	500	187.65	1.00	0.5
Xanax tablets 0.25mg	Upjohn	100	20.48	500	99.33	3.07	3.1
Xanax tablets 0.5mg	Upjohn	100	26.40	500	128.00	4.00	3.1
Zantac tablets 150mg	Glaxo	30	24.92	60	48.39	1.45	3.0
Zyloprim tablets 100mg	Burroughs Wellcome	100	10.92	1,000	101.99	7.21	7.1
Zyloprim tablets 300mg	Burroughs Wellcome	100	29.90	500	143.60	5.90	4.1

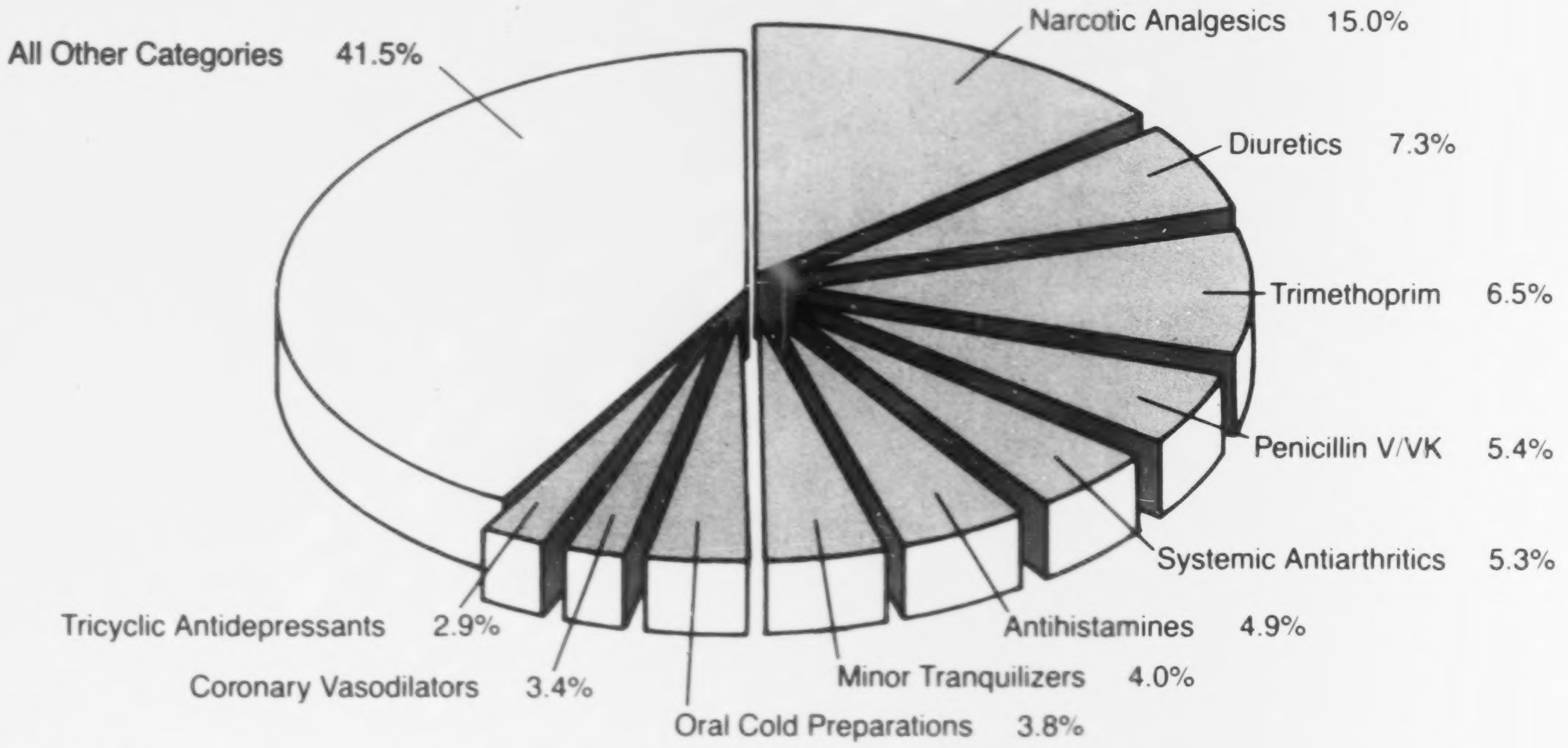
20 Most Frequently Prescribed Generic Products

Rank based on number of Rxs				Total Category % Growth '84/'83	
'82	'83	'84	Product Category	New Rxs	Total Rxs
1	1	1	Amoxicillin	+10%	+10%
2	2	2	Ampicillin	− 9	− 9
3	4	3	Penicillin VK	− 2	− 2
4	6	4	Tetracycline Systemic	− 4	− 4
16	8	5	Erythromycin	− 1	− 1
6	5	6	Prednisone Oral	+ 2	− 2
7	3	7	Thiazides	− 8	−10
NA	10	8	Coronary Vasodilators	−10	−10
8	11	9	Phenobarbital	−10	−10
7	7	10	Topical Corticosteroids	− 1	− 1
10	12	11	Nitroglycerin	+ 5	+ 6
14	17	12	Meprobamate	−10	−10
NA	NA	13	Hematinics	− 2	− 2
19	16	14	Tricyclic Antidepressants	+ 1	+ 1
NA	NA	15	Analgesics with Codeine	+ 1	+ 2
11	15	16	Thyroid	+ 3	+ 1
12	9	17	Insulin	+12	+15
9	13	18	Cardiac Glycosides	+ 2	+ 2
NA	19	19	Antigout Treatments	+ 2	+ 1
15	14	20	Potassium Supplements	+ 2	+ 4

Source: *Drug Store News* Survey

Most Frequently Substituted Categories (September 1984)

Total New Prescriptions	**100% 3.6 million**
Top 10 categories	**58.6%**



Source: Market Measures

Summary of Drug Substitution Regulations by State

State	Formulary Limitations	Mandatory or discretionary	Mandates record of substitutions	Mandates savings be given to consumers	Mandates patient notification
Alabama	none	d	yes	no	no
Alaska	none	d	no	yes	yes
Arizona	none	d	yes	yes	yes
Arkansas	negative	d	no	yes	yes
California	negative	d	no	no	yes
Colorado	none	d	no	yes	yes
Connecticut	none	d	yes	yes	yes
Delaware	positive (F.D.A.)	d	yes	yes	yes
D.C.	positive	d	yes	no	no
Florida	negative	m	yes	yes	yes
Georgia	none	d	yes	no	no
Hawaii	positive	m	yes	yes	yes
Idaho	none	d	yes	yes	yes
Illinois	positive	d	yes	no	no
Indiana	none	d	yes	no	yes
Iowa	positive	d	no	yes	yes
Kansas	none	d	no	no	no
Kentucky	negative (F.D.A.)	m	yes	no	no
Louisiana	none	d	yes	yes	yes
Maine	positive (F.D.A.)	d	no	no	yes
Maryland	positive (F.D.A.)	d	yes	yes	no
Massachusetts	positive	m	no	no	no
Michigan	none	d	no	yes	no
Minnesota	none	d	no	yes	yes
Mississippi	none	d	no	yes	no
Missouri	negative	d	no	yes	no
Montana	none	d	no	yes	yes
Nebraska	negative	d	no	yes	yes
Nevada	none	d	yes	yes	yes
New Hampshire	positive (F.D.A.)	d	yes	yes	yes
New Jersey	positive	m	no	yes	yes
New Mexico	positive (F.D.A.)	d	no	no	no
New York	positive	m	yes	no	yes
North Carolina	none	d	yes	yes	no
North Dakota	none	d	yes	yes	yes
Ohio	positive	d	yes	yes	yes
Oklahoma	none	d	no	no	no
Oregon	none	d	yes	no	yes
Pennsylvania	positive	m	yes	yes	yes
Puerto Rico	positive	d	yes	yes	yes
Rhode Island	none	m	yes	yes	no
South Carolina	none	d	yes	no	yes
South Dakota	none	d	no	no	no
Tennessee	positive	d	yes	yes	no
Texas	none	d	yes	no	yes
Utah	negative	d	yes	yes	yes
Vermont	positive	m	no	no	yes
Virginia	positive	d	yes	no	yes
Washington	none	m	yes	yes	yes
West Virginia	negative	d	yes	yes	yes
Wisconsin	F.D.A. list	d	no	yes	yes
Wyoming	none	d	yes	yes	no

Source: *Drug Store News* Survey

Potential Poisoning Agents (Ranked by Seriousness of Medical Consequences)

Poisoning agent	Likely medical consequence			% of cases treated at a health care facility
	major (%)	minor (%)	none (%)	
Pharmaceuticals				
Antidepressants	51	35	14	69
Vitamins	38	32	30	40
Anticonvulsants	36	37	27	58
Cardiovasculars	35	29	46	43
Sedative/hypnotics/antipsycotics	35	49	16	61
Asthma therapies	33	37	30	44
Stimulants/street drugs	33	49	18	50
Antineoplastics	28	28	44	62
Antihistamines	24	40	36	41
Analgesics	23	31	46	41
Anticholinergics	23	41	36	40
Diuretics	19	36	45	32
Anticoagulants	18	18	64	22
Antimicrobials	15	24	61	15
Cough and Cold preps	12	42	46	24
Electrolytes/minerals	11	29	60	14
Hormones	10	16	74	14
Gastrointestinal preps	9	27	64	11
Nonpharmaceuticals				
Insecticides/pesticides	27	31	42	22
Chemicals	19	33	48	22
Plants	16	18	66	8
Alcohol	14	39	47	28
Hydrocarbons	12	42	46	19
Cleaning substances	10	40	50	16
Cosmetics	5	26	69	7

U.S. Poison Control Center 1983 Findings

Safeguarding Your Home From Poisonings

1. Poison Control Center Number ___ 800 __________ (Fill in local number)
2. Keep one 1-oz. bottle of syrup of ipecac per child
3. Put locks on all cabinet doors
4. Keep *all* medications, especially vitamins and flavored analgesics, out of the reach AND sight of children
5. Keep the safety caps on all medications
6. Keep all cleaning fluids and detergents in locked cabinets
7. Know the names of all household plants
8. Always call the POISON CONTROL CENTER if you suspect a poisoning has occurred.
9. If, despite your efforts, some type of poisoning does occur and you must go to a hospital, always bring a sample of the original bottle from the ingested substance.

As a service to your customers, you may wish to zerox this chart to distribute to patients with small children.

Courtesy of: Stamp in your name and the name of your store

Rx Drug Reference Guide

1984 New and Refill Prescription Volume in Retail Drug Stores (Noncompounded Prescriptions)

	Rx Volume (# Millions)	% Share	% Change from 1983
New	752	49	+1.1
Refill	782	51	+3.7
Total Scripts	1,534	100	+1.3

Source: *Drug Store News* survey

Auxiliary Warning Labels

(supplement to the Rx Drug Reference Guide)

1X May cause drowsiness. Alcohol may intensify this effect. Use care when operating a car or dangerous machinery.

2X Important, finish all this medication unless otherwise directed by your doctor.

3X Take medication on an empty stomach one hour before or two to three hours after a meal unless otherwise indicated by your doctor.

4X Do not take dairy products, antacids, or iron preparations within one hour of this medication.

5X Medication should be taken with plenty of water.

6X Medication may cause discoloration of the urine or feces.

7X* It may be advisable to drink a full glass of orange juice or eat a banana daily while taking this medication.

8X Do not drink alcoholic beverages while taking this medication.

9W Some nonprescription drugs may aggravate your condition. Read all labels carefully. If a warning appears, check with your doctor.

10X Take with food or milk.

11X Avoid prolonged exposure to sunlight and finish all this medication unless otherwise directed by prescriber.

Sample Monograph

APRESOLINE Hydralazine	**TRADE NAME Generic Name**
CIBA	**MANUFACTURER**
Multiple Source	**AVAILABILITY**
Auxiliary Label 9W and 13W	**LABELS BY NUMBER**

DRUG INFORMATION

a. Drug therapy compliance among patients taking antihypertensive agents is very poor. Every effort should be made to assure that the patient understands the need for taking medication exactly as directed to prevent future problems.

b. Since sympathomimetics, including those present in OTC cough, cold or allergy remedies and appetite appeasers (phenylpropanolamine, phenylephrine, ephedrine) may aggravate high blood pressure, patients receiving Apresoline should obtain advice.

12X**Refrigerate and shake well. Discard after ____________________.
(date)

13W It is very important that you take or use this drug exactly as directed. Do not skip doses or discontinue unless directed by your doctor.

14W Obtain medical advice before taking nonprescription drugs as some may affect the action of this medication.

15W May cause drowsiness or dizziness.

16W This drug may impair your ability to drive or operate machinery. Use care until you become familiar with its effects.

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*Label 7X is not recommended for use on prescriptions for diabetic patients.

**Label 12X is indicated for selected liquid dosage forms.

C5150-2

Merchandiser:
Ethnic outshine other H&BA—p. 15

Pharmacy:
Legalized heroin bill revived by Waxman—p. 37

Special feature:
Offering savings to diabetic customers—p. 43

DRUG STORE NEWS®

Vol. 7/No. 11 Serving chains, wholesalers and high-volume independents for 56 years. Published by Lebhar-Friedman Inc. May 13, 1985

Hook Drug launches Promise, its own credit card program

See related story page 3

By Tim O'Brien

INDIANAPOLIS — Hook's Promise, a new customer service and charge card program, made its debut on May 1, and is being backed by the biggest promotional effort in the chain's history.

For customers, Promise provides an opportunity to charge purchases for the first time in Hook's 85-year history. The card can also be used to expedite check approval, obtain cash advances up to $25, or write a check for $25 cash, with or without a purchase.

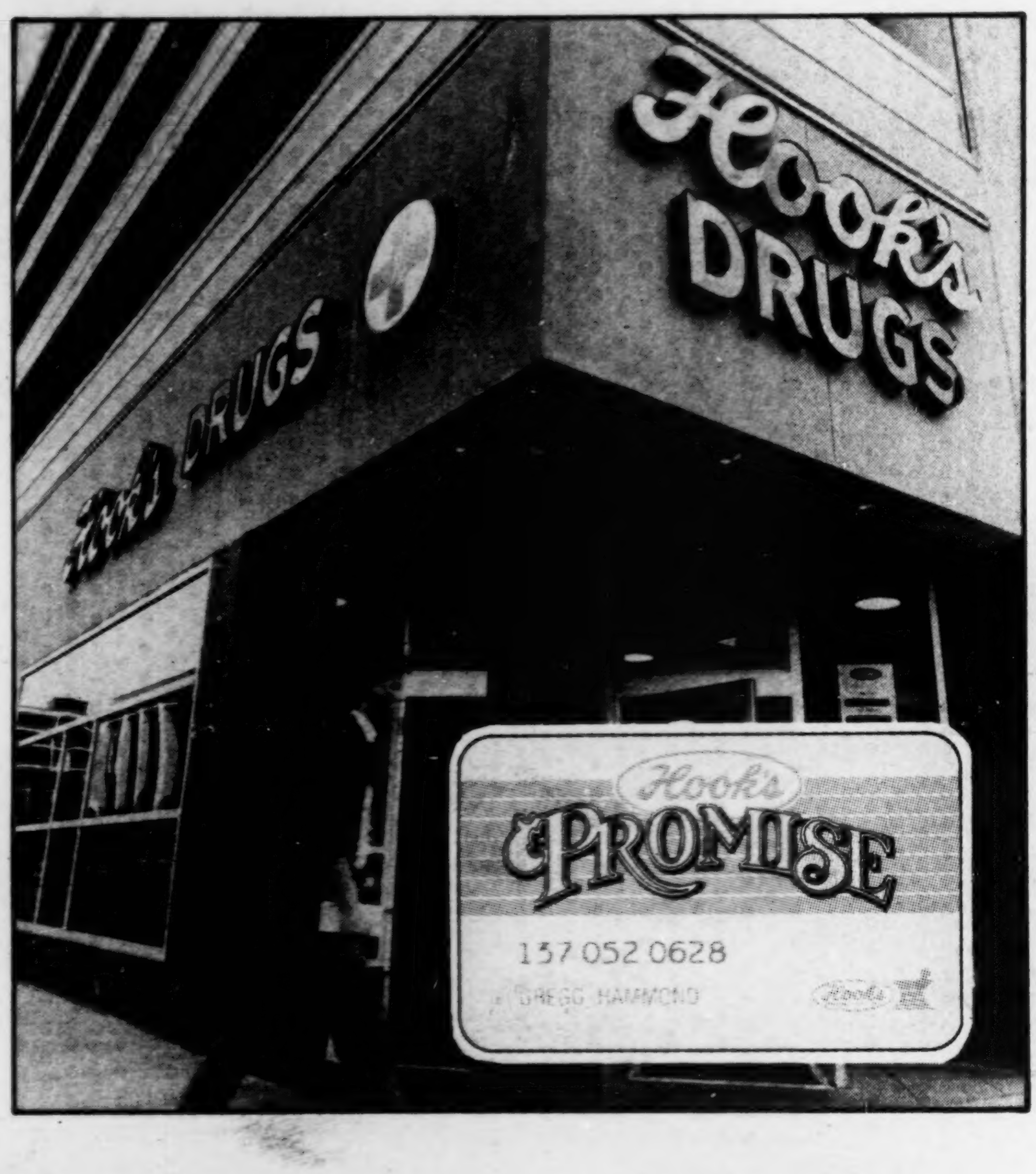
For Hook's, the program provides the chain with a built-in customer list, complete with demographics, on which to base direct-mail efforts. An "average customer" profile will be able to be developed from the information on the Promise application.

Hook's will be able to extract information from the list by specific age groups, income levels, geographic areas, etc., thus enabling the company to develop special merchandising programs for the various segments.

The program, set up in conjunction with the Anthony Wayne Bank of Fort Wayne, Ind., will be administered by the bank. The drug chain paid a flat fee for the initial set up, and will be assessed a flat percentage of each purchase charged on the card, similar to the Visa and MasterCard programs.

No carrying charges will be

Continued on page 54



Genovese introduces a direct mail catalog

By Jim Ricchiuti

GENOVESE DIRECT
A DIVISION OF GENOVESE DRUG STORES INC

MELVILLE, N.Y. — Genovese Drug Stores has entered the fast-growing mail-order business with the launch of Genovese Direct, a new direct marketing division.

Genovese kicked off the program earlier this spring with a "Shape Up For Spring" catalog insert in newspapers, direct mail and in-store circulars that included vitamins, exercise equipment, a guide to vitamin use and the popular-selling Jane Fonda Workout tape.

Subsequent direct response advertising inserts have broken for home health care equipment and baby care items. Most of the merchandise sold under the Genovese Direct banner is not normally carried in conventional Genovese drug stores.

Customers can purchase the merchandise either by using mail-order coupons from the inserts or by calling a toll-free 800 telephone number.

While Genovese initially is targeting the direct marketing program to its key operating areas in New York, Connecticut and New Jersey, the chain will also have as many as 50 mail-order sku's available nationally through the Com-

Continued on page 54

Longs builds takeover defense

By Bruce Buckley

WALNUT CREEK, Calif. — Longs Drug Stores is setting up a new defensive alignment to discourage end sweeps by corporate raiders.

In a proxy statement to shareholders, the company's three top executives say the new reorganization plan "will enable your Board of Directors to better represent the shareholders' interest if a third party should attempt to obtain control of the company."

The three execs—chairman Joe Long, president and ceo Bob Long and executive vp Dick Scott—specifically mention recent cases in which shareholders have been "treated unfairly" in takeover battles, "especially in the so-called 'two-tier' bids."

In a two-tier bid, a raider offers a "sweetheart price" for a percentage of the stock to gain control of the company and then offers a far less attractive deal to remaining shareholders once control is obtained.

In the investment community, Longs is considered a prize catch. Analysts point out that the company has no long- or short-term debt; it owns a sizable portion of the real estate on which its more than 190 stores stand, and it has prime locations and beautiful stores in some of the most affluent markets in the country.

In a February article, *Forbes* magazine painted an attractive portrait of Longs as a possible takeover candidate titled 'Long shot." In addition,

Continued on page 54

Bergen says no to merger with National Intergroup

LOS ANGELES — Bergen Brunswig Corp. has learned that cash that comes cheaply often can come with risks.

In breaking off its planned merger with National Intergroup, Bergen sought to avoid the risks.

Bergen backed out of the merger, which was approved by shareholders of both companies earlier this year, after National Intergroup restated its 1984 earnings downward by nearly $39 million and projected a loss for the first quarter of 1985.

During the preliminary merger discussions, Bergen said that the combined companies would have had substantial cash funds to finance future acquisitions, particularly in the area of distribution. National has cash assets of more than $300 million, generated from the sale of its 50% interest in National Steel to Nippon Kokan of Japan.

In addition, National also had nearly $500 million in tax loss carryforward, which the new company would have

Continued on page 51

McKesson to pay $161M for Spectro Industries

SAN FRANCISCO — McKesson Corp., the nation's largest drug wholesaler, will acquire the eighth largest, Spectro Industries, for $20 a share, or approximately $161 million in cash.

The deal will give McKesson a vigorous shove forward in its competitive race with two other aggressively growth-minded wholesalers, Bergen Brunswig and Fox-Meyer.

In acquiring the Jenkintown, Pa.-based wholesaler, McKesson will add another $450 million in sales and also fill in the last remaining markets that it has not penetrated—Philadelphia, Baltimore and Washington.

McKesson, whose drug and health care group recorded $2.9 billion in sales and $70.2 million in operating earnings this past year (see page 6), will thus become the first truly national drug wholesaler.

According to McKesson, Spectro is "expected to be operated as a separate subsidiary" under the current management, headed by Joe Garde, chairman and presi-

Continued on page 53

ATE NEWS....LATE NEWS....LATE NE

WITH ITS EYE on greater Sunbelt penetration, Bergen Brunswig signed an agreement to acquire the pharmaceutical distribution operations of Davis Bros. Drug Co. of Denver, a $110 million wholesaler with distribution centers in Florida, Tennessee, Colorado and Montana.

Ethnic pantyhose:

page 11

page 12

0023447C
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NEWS IN BRIEF

Insulin nasal spray proven effective

BOSTON — A new insulin delivery system, a nasal spray, may replace injections as the best way to administer insulin to some diabetics.

A team of Boston University researchers reported in the New England Journal of Medicine that they successfully treated diabetes for up to three months by administering insulin in a nasal spray. More studies, however, are needed before the spray could be put into widespread use.

According to Renate Kimmerle, M.D., one of the Boston researchers who conducted the study, the spray contains a concentrated form of fast-acting insulin, which "very quickly" enters the bloodstream where it breaks down sugar. Because the insulin spray works so quickly, she said, diabetics can use it immediately before a meal.

Insulin administered by injection usually requires about 30 to 45 minutes to enter the bloodstream, but the absorption time varies widely between individuals.

• **See related stories on page 43.**

NACDS rejects proposed beer bill

WASHINGTON — Chain drug industry leaders are urging Congress to reject proposed legislation designed to eliminate virtually all price competition among distributors of beer and other malt beverages to drug stores.

The "Beer Bill" would create an exemption to the Federal antitrust laws enabling brewers to enforce exclusive territory restrictions on beer wholesalers.

Despite the widespread opposition, Congressional backers of the bill contend that such territorial restraints are essential to prevent malt beverage "diverters" from "undercutting" the prices of local distributors to capture chain accounts.

NACDS vp Ty Kelley called the measure "one of the most anticompetitive pieces of legislation now before Congress."

Allowing brewers to close off supply sources to drug chains and other malt beverage retailers would "eliminate price competition altogether" and "inevitably increase the cost of beer to consumers," Kelley told *Drug Store News*.

Pri¢e Mart launches third store

MINNEAPOLIS — Pri¢e Mart, the new deep discount chain, which opened its first two stores last month, opened its third on May 4 in Davenport, Iowa.

The 17,000-sq.-ft. store features a race track design and will carry about 50% deal merchandise. The rest will be basic, everyday stock.

Douglas Bablitch, president and ceo of the chain says that "we are so happy with business at the new stores, that we are going ahead with our plans."

Those plans include a May 31 opening of a Madison, Wis., store, an opening in South Bend, Ind., on July 15, an Elgin, Ill., store this fall, and three more Minneapolis stores before the first of the year.

SW launches distribution center

SAN ANTONIO — Southwestern Drug Corp., a wholesaler serving Texas, Oklahoma, New Mexico and Louisiana, has unveiled a 100,000-sq.-ft. distribution center here. The facility, which has 90,000 sq. ft. of warehouse space and more than 9,000 sq. ft. of offices, replaces an outmoded 76-year-old building in the downtown section of the city. The new state-of-the-art warehouse incorporates high bay pallet rack storage, effective flow rack/gravity flow shelving, order processing equipment and over a quarter mile of conveyor systems. The new center services more than 500 community and hospital pharmacies in southern Texas.

INDEX

Classified	52
Diabetes study	43
Ethnic report	15
Financial	6
Letters	8
Merchandise News	50
Pharmacy	37
Product Update	47

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One of Giant's food/drug combos in Washington D.C. When the targeted expansion is completed, Giant will operate almost 100 combos in the mid-Atlantic market.

DRUGS & PRESCRIPTIONS
THE QUALITY FOOD PEOPLE

Giant targets 23 combos in Baltimore, D.C. area

By Marjorie Shaffer

LANDOVER, Md. — Giant Foods intends to open 23 more food/drug combos in the next three years, increasing the company's total store space by 25%, or more than 1.1 million sq. ft.

The new stores will be in the Landover, Md.-based chain's existing markets, the Baltimore and Washington, D.C. Metro Areas. The units will be about 55,000 to 60,000 sq. ft., of which 10,000 sq. ft. will be the drug store portion. When the stores are completed, Giant will operate nearly 100 food/drug combos in the mid-Atlantic market.

"The market is constantly growing, especially around Washington's beltway, and we want to be a part of it," said Giant spokesman Barry Scher. "We feel there is plenty of room for us to grow there."

Although industry sources agree that Giant's food/drug combos have been gaining a share in the drug store market—total sales for fiscal 1985 rose 9.3% to $2.1 billion—the regionally powerful chain faces tough competition from Safeway's combos, from deep discounters and from Peoples, Dart and even Gray Drug Fair.

Safeway currently operates 19 food/drug combos throughout Washington, D.C., Maryland and Virginia and plans to open four to five new combos in these markets in 1985. In the Baltimore metro market, the Woodbridge, N.J.-based Supermarkets General unveiled three Pathmark Super Drug Stores in 1984.

In 1985, 12 to 15 more Pathmark deep-discount drug stores are scheduled to open. Locations have not yet been disclosed, but the food/drug giant may move more aggressively into Baltimore.

Altogether, there are three deep discounters in the Washington, D.C. and Baltimore corridors vying for market share: Pathmark, Peoples' and Bud's Deep Discount Store and More in Greenbelt, Md., and Drug Emporium in

Continued on page 54

Albertson's to launch 30+ units

LOS ANGELES — Albertson's will open 30 to 32 new stores in 1985—two-thirds of them 42,000-sq.-ft. superstores—and the rest combination food-drug units in the 47,000- to 67,000-sq.-ft. range, according to Gary G. Michael, vice chairman of the 434-unit chain.

Michael told security analysts here that the Boise, Idaho-based chain is also interested in strengthening its presence in existing markets through acquisitions.

He said Albertson's has "looked at just about everything in the United States [including] drug stores. I don't care what it is." The company even investigated the possibility of buying "Pay Less Northwest before K mart bought them," he said. But the retailer finally "decided we're going to stay in the food and drug [combo] business. We like the stores we're building."

However, Michael said if the opportunity arose, "We have [targeted] five or six things we would like to buy. Every one of them is privately held. Those kind of things come along once in a while, but not very often. . . . Those are called romances. You got to sneak in there."

Michael specifically cited the southern California region, where the chain operates 81 stores, as an area where it would "like to make acquisitions. We really need some more growth down here. Our new store program is do-

Continued on page 52

Chains unite in educating public on how to prevent child abduction

NEW YORK — Several drug chains have joined the nationwide effort to locate missing children and to educate the public on how to prevent child abduction.

Peoples, Hook's, Giant Foods, The Medicine Shoppes, LaVerdiere's and Pay Less NW, are among the retailers that have developed chainwide programs.

Peoples Drug recently began a program called Missing. In the program, a two-sided poster with photos of six missing children is displayed in each of Peoples' 750 stores. The photos have short descriptions and biographies of the children.

The poster is located on a candy display rack near the registers. According to Jim Coyle, director of advertising, that location was chosen because "most kids are found by other kids."

Hook's Child Safe program began on April 29 in conjunction with the rerun of TVs "Adam." According to a Hook's spokesman, that chain's efforts are aimed at the prevention of abduction and quick action if an abduction does occur. "There are so many organizations in our area printing photos of missing children, we thought we'd provide a program that might prevent children from getting to that point," said the spokesman.

Child Safe provides parents with small packets to be completed with photos and bios of their children. Then, if a child does disappear, the information is immediately available to law enforcement officers.

The Landover, Md.-based food and drug retailer, Giant Foods, has also directed its efforts toward prevention. The chain's 74 pharmacies have started inserting "Guides to the Prevention of Child Abuse and Abduction" in each bag along with the prescription order.

Sue Challis, Giant's public affairs coordinator, says that prevention is the key to abduction and that education is the key to prevention.

The food section of Giant has been putting photos of

Continued on page 51

FINANCIAL

McKesson health division profits jump 17%

SAN FRANCISCO — McKesson Corp. reported that operating profits for its Drug and Health Care group were up sharply for the final quarter and the fiscal year ended March 31.

According to the company, operating profits for the group increased 17% to $70.2 million while sales rose 18% to $2.92 billion.

In the final quarter, the group's operating profits gained 40% to $20 million and sales were up 17% to $768.5 million.

For the corporation as a whole, sales for the year increased 14.6% to $4.9 billion from $4.28 billion in the previous year.

Net profits for the year declined 5.4% to $65 million, or $3.37 a share, from $68.7 million, or $3.53 a share, a year earlier. The earlier period included, however, a net from discontinued operations of $5.7 million, while the most recent year included a net of $752,000 from discontinued operations.

In the fourth quarter, corporate sales were up 13.6% to $1.25 billion from $1.1 billion in the comparable year-earlier period. Net income for the quarter increased 7.6% to $15 million, or 85¢ a share, from $13.9 million, or 75¢ a share, a year ago. The year-earlier period also included a gain of $370,000 from discontinued operations.

Gray Drug slump continues

CLEVELAND — Gray Drug Fair's profit slump continued into the first quarter of the new fiscal year.

Parent firm Sherwin-Williams reported that the drug store chain experienced lower gross margins in the quarter ended March 31, and as a result operating profits were down in comparison to the same period last year.

John G. Breen, chairman, said, however, "We are pleased with the sales progress at Gray Drug Fair."

The company also reported that the paint stores had higher interest expenses and a "flat operating profit performance" for the period.

The company's overall performance was up for the quarter. Net profits increased 14.4% to $5.7 million, or 25¢ a share, from $5 million, or 22¢ a share, in the comparable year-earlier period. Sales rose 6% to $492.1 million from $463.9 million.

		STOCK PRICE							TREND TO MARKET				EARNINGS/SHARE					P/E	DIVIDENDS			FINANCIAL POSITION				
		From 04/04/85 - 04/22/85							Price Trend (% per day)		Volume Trend (% per day)			Latest 12 Months vs Preceding 12 Months Change					Indicated Dvd. rate			Last Fiscal Year			Last Fiscal Year (Per Share)	
					Change		52-Week																			
Name	Symbol	High	Low	Close	Amt	Pct	High	Low	Last 30 Days	Last 5 Days	Last 30 Days	Last 5 Days	Last Fiscal Year	Amt.	Pct	5-Year Annual Growth Rate	Profit Margin	Latest P/E Ratio	Amt.	Yield	Last X-Dvd. Date	Revenue	Earnings	Current Ratio	Long Term Debt	Common Stock Equity
-	-	$	$	$	$	%	$	$	%	%	%	%	$	$	%	%	%	-	$	%	-	$ Mil	$ Mil	-	$	$
Chain Store transactions																										
Am Stores	ASC	55.00	51.25	53.75	.50	.94	56.50	26.50	-.18	.52	2.87	-12.48	5.24	1.63 F	45.2	95.0	1.4	10.3	.64	1.2	03-26-85	12118.8	171.5	1.5	12.39	15.26
Begley Co	BGLY	16.00	15.50	15.75	.25	1.61	17.00	14.50	-.16	.36	-6.96	.00	1.33	-.30 N	-20.4	-8.0	1.1	13.5	.72	4.6	04-15-85	61.5	.7	1.9	15.55	18.26
Big B	BIGB	17.13	14.63	16.13	1.13	7.50	17.88	8.88	-.46	-.40	1.54	3.18	.68	.15 F	28.3	22.0	3.0	23.7	.00	.0	09-21-83	148.1	4.4	2.3	.18	3.88
Drug Sys	DRGS	5.50	4.88	5.25	.00	.00	5.63	3.25	-.20	2.22	-1.85	-32.74	.56	-.25 N	-38.5	NC	2.1	13.1	.00	.0	01-25-84	82.3	1.7	3.0	1.28	5.84
Eckerd, Jack	ECK	29.00	26.25	26.50	-1.25	-4.50	32.88	20.25	-.34	-.73	5.47	31.27	2.27	.26 S	12.1	5.0	3.3	11.0	1.04	3.9	03-11-85	2622.5	85.4	2.0	2.52	16.47
Fay's Drug	FAY	10.38	9.75	9.88	-.50	-4.82	13.00	8.38	-.33	-.25	3.22	28.84	.62	.02 F	3.3	72.0	2.4	15.9	.20	2.0	03-18-85	366.7	8.7	1.7	1.78	3.82
Genovese Drug	GDX	14.00	13.25	13.88	.00	.00	16.63	11.13	-.22	.05	-3.29	-60.19	1.03	.07 F	7.3	89.0	1.9	13.5	.20	1.4	03-29-85	220.3	4.1	1.9	2.83	4.92
Hook Drugs	HOOK	36.38	36.00	36.25	.13	.35	36.50	18.00	-.04	.16	-.73	85.66	1.87	-.14 F	-7.0	6.0	2.3	19.4	1.00	2.8	04-09-85	350.9	8.1	1.7	2.75	10.38
Longs Drg Strs	LDG	29.75	24.63	28.75	3.75	15.00	29.75	17.00	.32	.29	1.73	-9.67	1.89	.17 F	9.9	12.0	2.9	15.2	.64	2.2	03-27-85	1375.8	40.1	1.9	.00	10.57
Medicare Glaser	MGCO	5.00	4.75	5.00	.25	5.26	7.75	3.50	-.53	1.12	-5.78	10.00	.43	-.19 N	-43.2	102.0	1.4	20.0	.00	.0	00-00-00	76.7	1.1	1.6	1.12	3.49
Pay N Save	PAYN	23.25	23.00	23.13	.13	.54	23.63	14.38	.02	.05	2.77	18.97	2.02	-.81 N	-41.3	-2.0	2.5	20.1	.00	.0	08-20-84	1220.5	30.1	2.0	9.01	14.37
Perry Drug	PDS	19.25	17.75	18.00	-.88	-4.64	22.13	12.38	-.23	-.78	-4.41	-7.77	1.26	.14 Q	13.0	18.0	2.1	14.8	.28	1.6	02-21-85	370.3	7.6	1.5	2.40	10.60
Revco Drug	RDS	24.50	23.38	24.50	.25	1.03	32.88	22.50	-.15	1.04	-1.30	52.29	2.54	-.45 N	-18.6	17.0	4.2	12.4	.80	3.3	02-26-85	2227.5	93.4	2.1	1.08	12.22
Rite Aid Corp	RAD	30.25	28.13	28.75	.63	2.22	33.50	17.50	-.39	-1.23	1.69	-31.02	1.69	.22 F	15.0	11.0	5.4	17.0	.50	1.7	04-09-85	1297.1	69.9	2.3	.49	7.68
Thrifty Cp	TFD	20.38	19.50	20.00	-.13	-.62	22.88	14.00	-.30	-.02	4.21	-9.38	1.40	.24 S	18.8	21.0	2.1	13.2	.60	3.0	02-04-85	1299.3	27.9	1.5	4.46	7.72
Walgreen Co	WAG	52.75	50.38	51.25	-1.25	-2.38	54.63	28.63	.03	-.43	1.55	-8.65	2.78	.42 S	16.3	31.0	3.1	17.1	.88	1.7	02-11-85	2744.6	85.4	1.7	1.73	13.52
Wholesaler's transactions																										
Bergen Bruns	BBCA	27.38	23.88	25.50	1.38	5.70	28.50	19.00	.11	-1.10	6.14	-42.25	1.57	.05 S	2.9	24.0	1.2	14.4	.32	1.3	01-28-85	1703.4	19.7	1.6	1.08	11.11
Cardinal Distrb	CDIC	18.25	17.50	18.25	-.25	-1.35	18.50	10.91	.60	1.11	4.41	52.72	.92	.11 N	12.5	NC	1.1	18.4	.06	.3	03-26-85	243.3	2.6	1.8	.92	5.91
Durr Fillauer	DUFM	14.75	13.25	14.75	.00	.00	15.25	10.25	-.05	.72	3.73	-6.97	.92	.12 F	15.0	21.0	1.7	16.0	.16	1.1	02-25-85	341.7	5.8	2.3	1.52	7.56
McKesson Cp	MCK	44.63	42.63	43.88	.88	2.03	45.25	32.38	.05	-.28	-5.59	-22.37	3.78	-.42 N	-10.7	-1.0	1.6	12.5	2.40	5.5	02-25-85	4260.0	68.7	1.4	10.45	30.25
Foxmeyer Cp	FOXM	28.50	27.25	28.00	.25	.90	29.75	20.00	-.04	-.01	-.37	-47.91	1.27	1.22 N	141.9	122.0	1.1	13.5	.00	.0	00-00-00	464.2	5.2	2.0	3.95	11.86
Ketchum	KCH	16.25	14.88	14.88	-1.38	-8.46	17.50	10.09	-.31	-.11	-5.93	-28.57	.77	-.46 N	-49.5	100.0	.3	31.6	.00	.0	09-24-84	245.1	.8	1.5	6.37	6.74
Owens & Minor	OBOD	18.25	15.75	17.75	2.00	12.70	18.25	11.25	.70	1.88	5.24	18.63	1.43	.02 F	1.4	84.0	1.2	12.4	.40	2.3	03-11-85	306.7	3.6	3.0	8.02	12.81
Spectro Indus	SPO	20.38	17.00	19.63	2.75	16.30	20.38	9.38	.99	.06	9.24	-23.65	.89	.36 N	46.2	53.0	1.8	17.2	.09	.5	03-29-85	395.4	7.2	1.7	1.23	4.44
Manufacturer's transactions																										
Abbott Labs	ABT	53.00	50.50	50.63	-1.50	-2.88	54.00	36.75	.06	-.19	-1.07	-18.13	3.34	.48 F	16.8	28.0	13.0	15.2	1.40	2.8	04-09-85	3104.0	402.6	1.9	3.91	13.33
Am Home Prod	AHP	61.88	59.75	61.50	.25	.41	62.50	46.75	.11	.74	-.22	1.97	4.39	.39 F	9.8	15.0	15.1	14.0	2.90	4.7	02-06-85	4485.5	675.6	3.4	.26	13.74
Baxter Travenol	BAX	16.00	15.50	15.75	-.25	-1.56	18.63	11.75	.19	-.04	-.33	-1.26	1.03	-.51 F	-33.1	10.0	8.1	15.3	.37	2.3	03-13-85	1800.4	145.1	1.6	1.46	7.83
Block Drugs Co	BLOCA	30.50	30.50	30.50	.00	.00	31.25	24.28	-.06	.05	11.88	-1.47	3.18	.26 N	8.4	14.0	10.0	9.1	1.00	3.3	02-25-85	238.2	23.9	2.3	2.34	20.08
Bolar Pharm	BLR	40.75	39.00	40.38	.50	1.25	40.75	22.50	.40	.62	-2.48	6.29	1.22	.07 F	6.1	47.0	18.2	33.1	.05	.1	02-08-85	29.1	5.3	4.9	.00	4.76
Bristol-Myers	BMY	57.88	55.88	57.38	.75	1.32	58.25	43.00	.04	.39	-2.18	4.49	3.45	.45 F	15.0	20.0	11.3	16.6	1.88	3.3	03-29-85	4189.4	472.4	2.5	.75	15.63
Carter-Wallace	CAR	32.50	31.13	32.00	-.38	-1.16	34.50	19.38	-.09	-.20	1.23	14.40	2.37	.31 N	13.4	32.0	5.7	12.2	.52	1.6	04-12-85	323.1	18.4	2.4	1.69	21.87
Cooper Labs	COO	15.50	14.38	15.38	1.00	6.96	27.00	12.50	.06	.31	-11.47	4.55	-.12	-.90 Q	-100.0	NC	-1.3	NE	.00	.0	03-12-84	155.9	-2.0	1.6	.61	11.81
Forest Labs	FRX	19.88	18.00	18.75	.38	2.04	23.25	11.25	-.05	-.75	-2.13	4.57	.54	.03 N	5.6	50.0	14.8	32.9	.00	.0	01-14-83	19.6	2.9	8.3	.28	5.42
ICN Pharm	ICN	11.13	10.25	10.63	.00	.00	11.63	6.00	-.11	-.98	-4.74	-4.95	.00	-.22 F	-100.0	40.0	1.6	NC	.00	.0	00-00-00	44.8	.7	4.3	.20	4.34
Key Pharm	KPH	10.00	9.13	9.38	-.63	-6.25	17.13	8.00	-.26	-.64	-1.56	5.12	.61	.10 F	19.6	106.0	14.6	15.4	.20	2.1	03-11-85	151.1	22.1	2.1	1.16	1.67
Lilly Eli Co	LLY	80.25	76.38	77.50	.25	.32	80.25	53.00	-.02	-.10	-3.31	-8.91	6.73	.60 F	9.8	12.0	15.8	11.5	3.20	4.1	05-09-85	3109.2	490.2	1.7	1.63	31.04
Lee Pharm	LPH	6.38	6.00	6.38	.00	.00	9.63	2.13	.07	.91	-3.93	7.87	.13	.52 Q	NE	16.0	6.2	30.4	.00	.0	00-00-00	8.1	.5	3.0	.20	1.73
Marion Labs	MKC	32.00	26.88	31.38	4.63	17.29	32.00	15.25	.23	1.99	-.92	25.84	.62	.25 S	49.0	58.0	10.6	41.3	.26	.8	04-19-85	226.4	24.1	2.4	.02	3.52
Merck & Co	MRK	104.75	101.50	102.75	-1.88	-1.79	105.38	78.25	.02	.06	-.81	6.38	6.71	.61 F	10.0	6.0	13.8	15.3	3.20	3.1	02-28-85	3559.7	493.0	2.0	2.48	35.29
Morton Thiokol	MTI	31.88	28.63	31.00	1.00	3.33	31.88	23.81	.11	.50	1.12	-10.25	2.16	.39 S	20.3	25.0	5.5	13.4	.64	2.1	02-22-85	2001.5	109.8	1.5	2.94	12.50
Mylan Labs	MYLN	22.50	19.25	22.25	.25	1.14	22.50	5.97	.82	.00	4.77	40.89	.20	.11 N	36.7	121.0	12.7	54.3	.05	.2	02-19-85	36.9	4.7	5.4	.10	.76
Newport Pharm	NWPH	8.25	6.50	8.25	1.75	26.92	8.25	2.75	1.13	1.94	6.91	10.55	-.21	.17 N	NE	-10.0	-26.0	NM	.00	.0	00-00-00	7.7	-2.0	2.6	.22	.93
Pfizer Inc	PFE	45.00	41.75	44.63	1.50	3.48	45.00	29.38	.28	.59	-.42	-23.94	3.08	.38 Q	13.5	22.0	13.2	13.9	1.48	3.3	01-28-85	3854.5	507.9	2.3	2.10	15.45
Reid Prov Labs	REID	5.13	4.38	5.00	.50	11.11	5.25	2.75	.12	.56	1.11	24.13	.12	-.04 S	-25.0	99.0	6.7	41.7	.04	.8	12-10-84	13.4	.9	3.1	.02	.92
Robins, AH	RAH	21.00	17.63	19.13	-1.88	-8.93	24.38	12.00	-.55	.66	4.51	17.54	-18.44	-20.84 F	-100.0	-52.0	-73.0	NE	.00	.0	11-19-84	631.9	-461.6	3.2	1.36	14.69
Rorer Group	ROR	33.13	30.88	31.00	-1.00	-3.13	34.13	24.00	.33	-1.18	4.81	-30.02	2.08	.06 F	3.0	5.0	8.5	14.9	1.12	3.6	02-04-85	522.1	44.3	2.0	2.18	10.43
Scherer RP Co	SCHC	11.25	10.00	10.50	.38	3.70	14.50	8.63	.28	-1.41	-1.71	.28	.52	-.68 N	-100.0	-11.0	2.3	NE	.32	3.0	03-13-85	171.7	4.0	1.9	4.83	11.14
Searle, GD	SRL	53.25	49.63	51.88	1.75	3.49	65.50	37.50	-.34	-.21	-1.43	7.80	3.24	.20 F	6.6	19.0	13.0	16.0	1.00	1.9	05-07-85	1245.8	161.6	2.4	3.62	14.85
Squibb Corp	SQB	57.88	55.25	56.88	1.00	1.79	58.00	37.50	.25	.21	1.81	-22.42	3.68	.37 F	11.2	19.0	10.5	15.5	1.60	2.8	02-08-85	1886.0	197.2	2.4	3.86	23.24
Sterling Drug	STY	31.88	29.50	31.00	-.63	-1.98	33.50	23.75	.09	1.22	-2.26	17.52	2.37	.13 F	5.8	5.0	7.8	13.1	1.20	3.9	04-30-85	1827.3	143.4	2.6	1.32	15.34
Syntex Corp	SYN	57.63	55.50	56.00	-1.25	-2.18	59.25	38.75	.01	-.56	-3.64	32.40	4.08	-.42 S	-9.5	20.0	14.7	13.9	1.92	3.4	02-08-85	916.5	134.6	2.1	5.36	18.81
Thompson Med	TM	15.25	13.75	15.00	1.13	8.11	26.50	13.25	-.45	1.13	-6.10	1.78	2.20	-.09 Q	-4.5	42.0	10.8	7.9	.40	2.7	03-25-85	197.2	21.2	4.3	.00	7.09
Upjohn Co	UPJ	84.63	78.25	82.75	2.38	2.95	84.63	45.00	.21	.28	.24	-37.91	5.67	.39 F	7.4	.0	8.0	14.6	2.56	3.1	04-01-85	2179.1	173.3	1.7	12.47	37.00
Warner-Lambrt	WLA	39.25	37.38	38.38	.75	1.99	39.63	28.75	.04	.19	-1.21	11.95	2.81	.30 F	12.0	5.0	7.1	13.7	1.48	3.9	02-04-85	3166.7	223.9	1.7	6.47	18.18
Zenith Labs	ZENI	29.25	26.00	29.25	2.50	9.35	29.25	8.00	1.08	2.57	-.73	27.78	.56	.07 F	14.3	69.0	7.7	52.2	.00	.0	03-13-85	37.5	2.9	2.6	.55	3.97

All data is based on sources believed to be reliable, but its accuracy is not guaranteed. Every effort will be made to correct errors, when discovered, in future issues.

Footnotes:

NA - Not Applicable
NC - Not Calculable
NE - Negative Earnings
NM - No Meaningful Figure
Q - First Quarter
S - First 6 Months
N - First 9 Months
F - Fiscal Year

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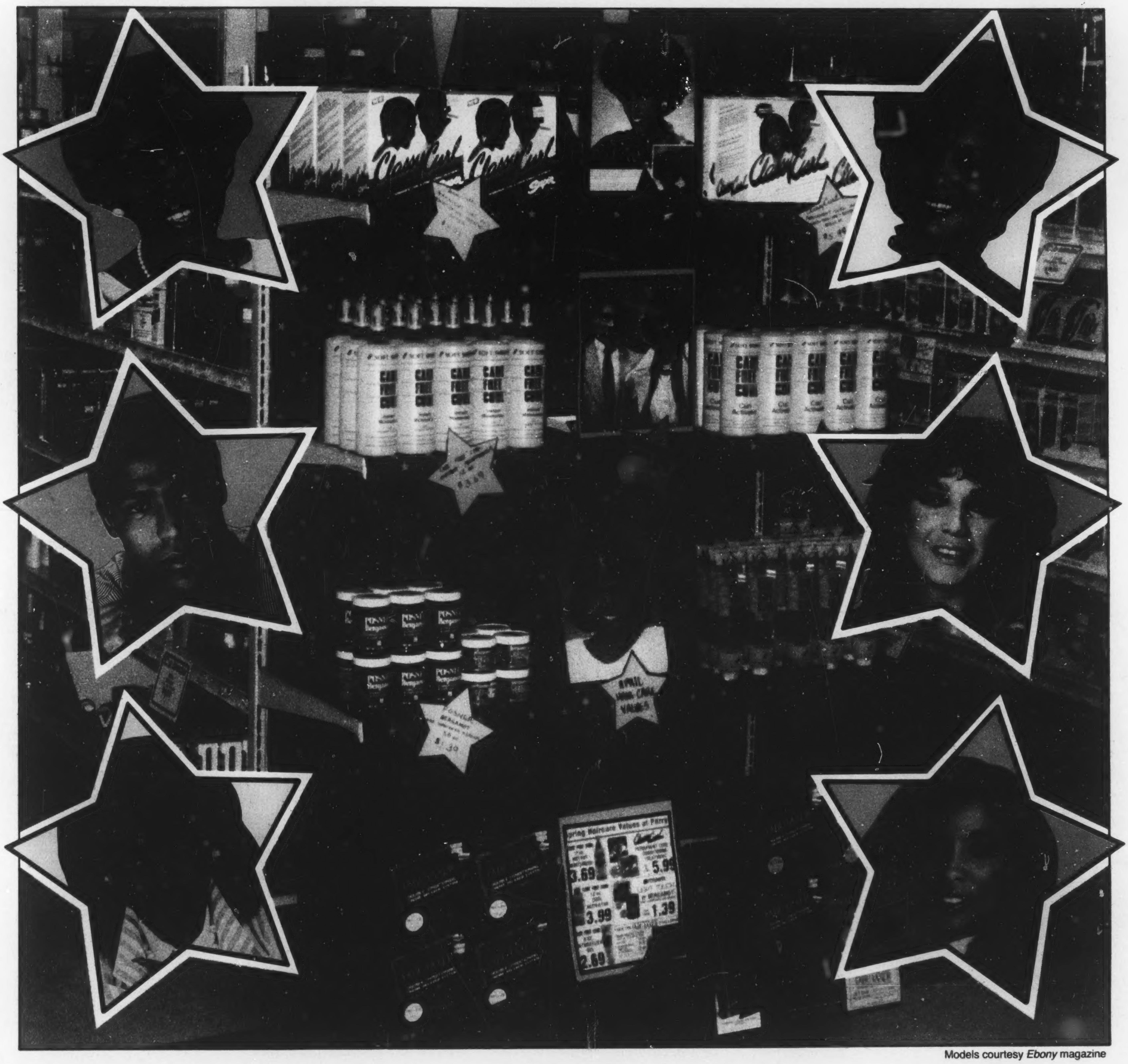
MERCHANDISER



Models courtesy *Ebony* magazine

Ethnic items outshine general H&BA

Despite the relatively slow growth of the market for toiletries and cosmetics over the past two decades, the market for ethnic health & beauty aids has mushroomed.

And the ethnic segment of the market will continue to grow and, some analysts say, even explode during the next decade. According to Business Trends Analysis, blacks spent over $2 billion in 1983 for toiletries and cosmetics ($1.3 billion of which was spent on hair care). By 1993, sales are projected to skyrocket to $5.6 billion, or 24% of the total dollars spent on all toiletry and cosmetic items.

What will fuel this astounding growth? Much of the answer can be found in the fact that blacks spend a significantly greater percentage of their per capita income on H&BA than whites. Although blacks comprise only 12% of the population, for example, they purchased 34.1% of the hair preps sold in this country in 1983. Such a disproportionate amount of money is spent by blacks on H&BA especially formulated to meet their hair care needs—from easy breakage to excessive dryness.

In general, black women, who outnumber black men in the population, spend as much as five times more on hair care items than the general population on a per capita basis.

And blacks will spend even more money on H&BA in the next decade because the black population is growing nearly 75% faster than the general population, according to the U.S. Census Bureau. By 1993, blacks will comprise 12.8% of the U.S. population.

Moreover the median age for blacks, 23.5 years, is over six years younger than that of whites, according to Census estimates. This younger population spends more on total grooming compared to their older counterparts. The black youth market also sparks many of the trends in ethnic hair care.

As the black population's buying

Continued on page 17

Ethnic items outshine general H&BA

Continued from page 15

power has expanded, retailers have tried to keep pace with the demand for ethnic products. Because blacks spend such a high percentage of their per capita income on H&BA, stores with as little as 5% black traffic can generate 15% of H&BA sales, according to Business Trends Analysis.

Drug store chains, in particular, have been steadily increasing their commitment to the ethnic category, especially hair care, the largest ethnic category.

In 1983, according to A. C. Nielsen, drug chains held a 54% share of the black hair prep market, while mass merchandisers had a 17% share, and food outlets a 29% share.

Moreover, while drug chains range up 58% of all drug sales in 1983, the chains generated over 80% of the black hair prep sales. In contrast, independents with over $500,000 in sales annually rang up 19% of all drug sales, but only 11% of black hair prep sales.

Despite drug chains' and wholesalers' commitment to the ethnic category, there is still a continuing struggle to achieve adequate distribution and shelf space for ethnic products.

But, those drug chains that have made inroads into the ethnic category have seen sales soar. Many drug chains contacted by *Drug Stores News* report that gross margins for the category average 40% and turns can run as high as 19.

Drug Emporium is one chain that has been very successful in ethnic H&BA. Says Mike O'Brien of Harris Beauty Supply, an ethnic H&BA supplier in Atlanta, ethnic sections averaging 12 ft. in a Drug Emporium can generate over $3,000 a week at retail. O'Brien says that an average store does about $50,000 a year in ethnic products, but some Drug Emporiums can pull in over $150,000 per year.

Walgreens also has continued to expand its ethnic sections, which range from 3 ft. to 21 ft. Says Richard Robinson, ethnic products buyer at Walgreens, "We are very committed and positive about the ethnic category and many stores are receiving increased promotional space."

Another chain that has increased its commitment to the category is Perry. Perry now has ethnic sections in 62 stores ranging from 4 ft. to 36 ft., and the chain is expanding and adding ethnic sections in stores where there is a lot of black traffic. Steve Lund, Perry's ethnic H&BA buyer says the section is "extremely profitable," but adds that there is no chainwide program to expand or add ethnic departments.

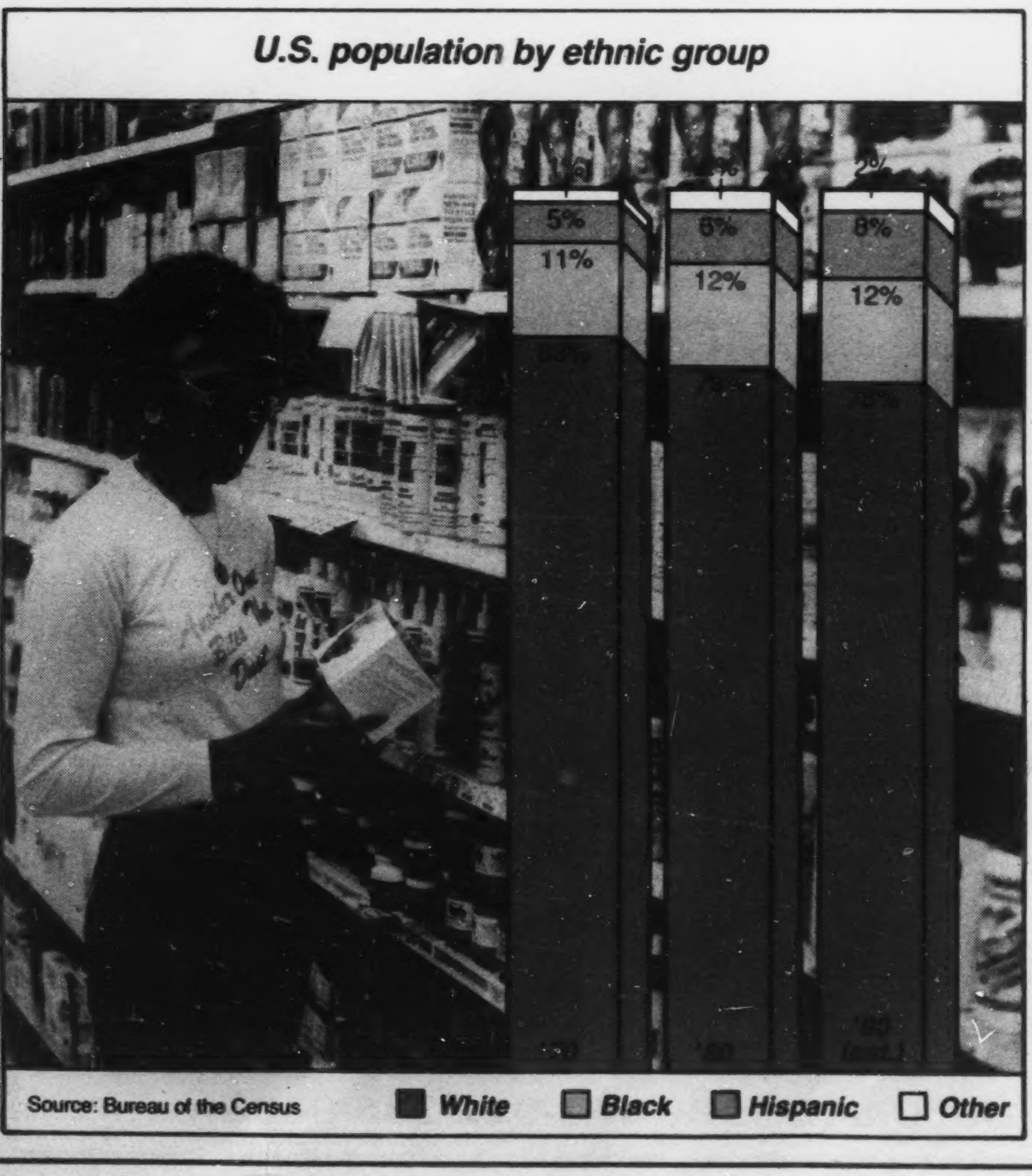
Fay's also has increased its commitment to the category. About 30 stores now have ethnic sections ranging from 4 ft. to 8 ft. and the category has recently been put on an MSI system to track product movement.

And SupeRx, one of the leaders in the ethnic category, has created its own ethnic planograms ranging from 3 ft. to 48 ft. Hook Drug also does its own planograms ranging from 6 ft. to 18 ft., and the chain also warehouses over 80% of its ethnic products. According to a Hook spokesman, "we're probably not expanding our ethnic sections as fast as we should to keep up with demand."

Because the lion's share of the ethnic market is hair care, most of the interest in new trends focuses on this category. The big question is whether the curl has run its course.

ULTRA SHEEN
REVLON
Summer Legs

Because of the ever changing ethnic product lines, ethnic H&BA buyers must stay on top of trends.



U.S. population by ethnic group

Source: Bureau of the Census

Hair care

In 1983, blacks spent $1.3 billion on hair care and over $138 million was generated in drug outlets. Overall, between 1978 and 1983, curl activators brought in $143 million in sales and kits ran up $79 million in sales.

However, many industry sources say that the curl has peaked and the wave is slowly emerging as the next big trend in ethnic hair care. Perhaps a harbinger of such a trend is the recent move by Worlds of Curls, a leading curl manufacturer, into the hair straightener market.

Revlon's Lou Roppollo, a marketing executive, says that the curl look has plateaued and the trend is toward a more natural and relaxed look. Revlon will be following up on this trend when it launches Finisheen, a maintenance spray product used in salons for relaxed hair. The product is scheduled to hit the shelves July 1 and will retail at $4.95.

Despite the emergence of the relaxed look, many observers say that the ethnic H&BA business is regional. Says Kent Humphreys of Jack's service, a supplier of ethnic H&BA in Oklahoma City: "People do not realize that just because an ethnic product is among the 10 best-selling items nationwide, it is not necessarily going to be a top 10 item in their region."

Moreover, many observers stress that while the curl was suitable for both men and women, the wave will be more popular among men. Says Hairlox' Marcus Griffith: "The curl activator market has run its normal cycle, but it is here to stay, just like relaxers. However, the wave could never be as big as the curl because women with long hair will not be able to wave their hair."

Notes Bob Scott, director of sales for Pro-Line: "I don't know when the curl will bottom out, but I don't see the market growing." He adds, however, that there will "always be a curl market."

Rocky Piccirillo, director of operations for Beauty Enterprises, an ethnic products distributor in Hartford, agrees. He reports that although the kit category has peaked, the maintenance curl products remain very strong, accounting for 49% of his company's total dollar sales.

Humphreys also notes strong sales in the maintenance category. "Sure the wave is out there, but eight or nine of my 12 best-selling items all have to do with the curl. There is still an awful lot of dollars out there for the curl," says Humphreys.

But relaxers, expecially no-lye products, are making significant inroads in the ethnic market. Piccirillo projects relaxers to account for 10% of Beauty Supply's total dollar business in 1985, up from 7% in 1984.

And Ken Hall of the Savannah, Ga.-based Carson Products says that the increased sales from relaxer products have yet to show up in the Nielsen numbers. But, he notes that retailers, suppliers and distributors generally agree that the relaxer category will be picking up.

Continued on page 19

Cosmetics search for niche in drug chains

Continued from page 17

The trend toward straighter, shorter hair among blacks was expected to fuel the ethnic mousse market. However, most industry analysts say that ethnic mousses account for less than 1% of sales in the ethnic category and, in general, the products have failed to ignite the category.

However, another category in ethnic hair care that is expected to blossom is hair color. "The minority-owned companies will have to go into hair colorings if they want to maintain a hold on the black market," says Julia Wilson, beauty editor of the Los Angeles Sentinel.

Armand Jackson, senior product manager for Alberto Culver's professional product division, says that Culver, makers of TCB, "is looking closely at hair colorings in the ethnic marketplace." Other manufacturers such as Johnson Products, M&M Products and Soft Sheen are reportedly following suit.

It is still unknown, however, whether the minority-owned companies can get the ethnic hair color market from Revlon and Clairol.

Another area that is still relatively untouched is shampoo. Although shampoos account for 40% of the overall U.S. hair care market, the category accounts for less than 9% of ethnic hair care sales. But, as more manufacturers of ethnic products venture into shampoo lines, the category is expected to expand during the next decade.

Cosmetics

The prestige ethnic cosmetics and skin treatment products by Fashion Fair, Flori Roberts and Barbara Walden have made a big impact on the department store level. But, with the exception of Posner, Honey & Spice, and Zuri, ethnic cosmetics are limited in most chain drug stores.

Says Griffith of HairLox: "It's harder to make cosmetics for the ethnic market because black women readily buy cosmetics for the general market." He adds that the same holds true for fragrances—black women identify best with general market products.

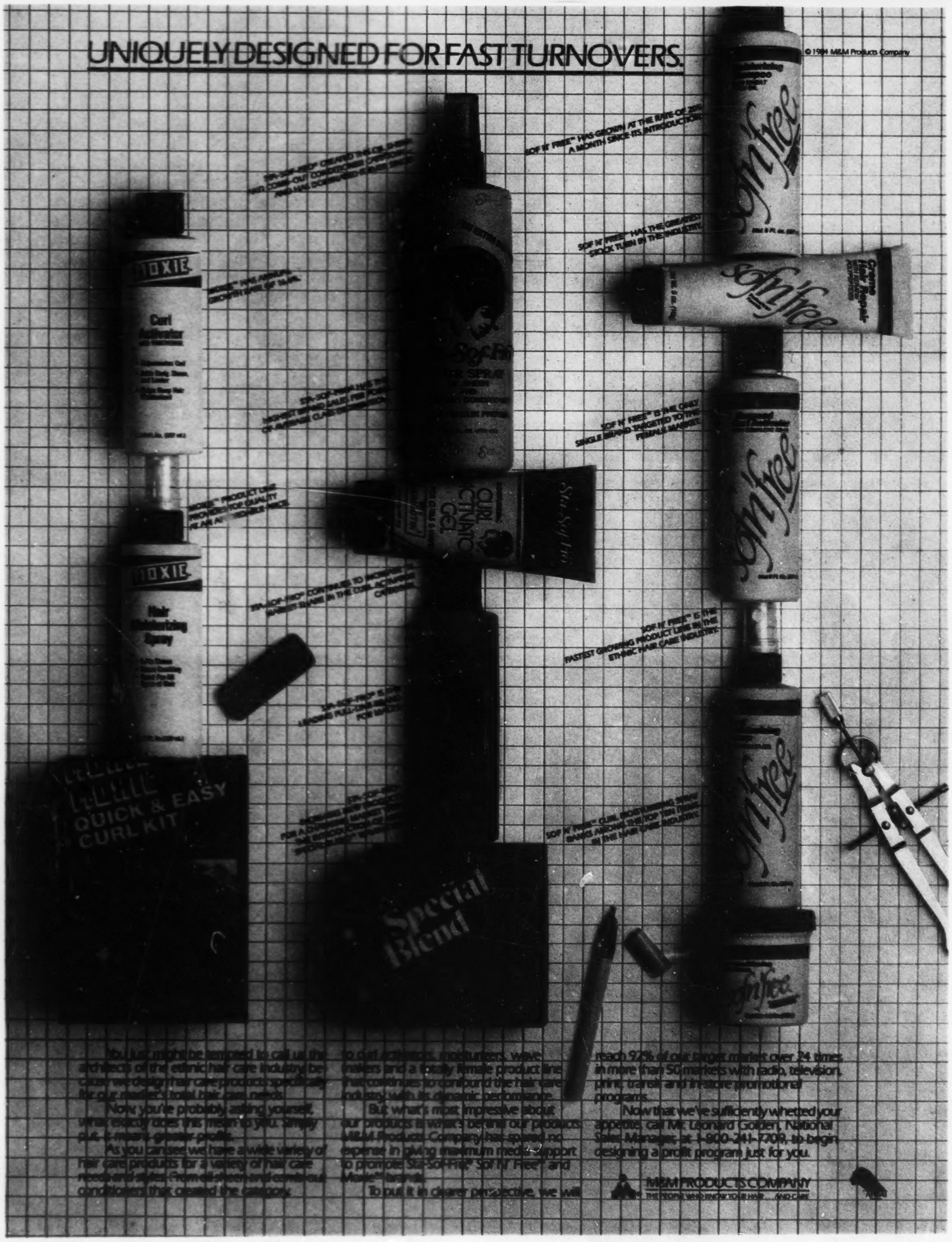
However, most observers say there is a big market for ethnic brands, especially as more cosmetics companies discontinue the darker shades popular among black women.

Johnson Products is one company that has added some new sparkle to its line of Ultra Sheen cosmetics with new lip and nail shades ranging from "rambunctious red" to "copper sensation" and with new crayon colors in blue and fuchsia. However, Johnson is one of only a handful of manufacturers of ethnic products that produces both hair care preps as well as cosmetics for the mass market.

Skin treatment lines are also targeted for expansion as the market for total grooming expands. Says Melvin Stringer, sales manager for Standard Drug, a supplier of ethnic H&BA in Detroit: "Manufacturers are going to have to look more closely at hypoallergenic products to see if they have a niche in the ethnic marketplace."

Most analysts agree that ethnic cosmetics seem to work better when merchandised near the ethnic hair care section.

Overall, however, the ethnic cosmetic category appears to lack a secure niche in the marketplace. Some chains cross merchandise ethnic cosmetics, while others prefer to sell the items in the ethnic hair care section.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Regional tastes affect black hair care sales

Despite growing sales and increased profits, drug retailers have moved cautiously to warehouse their own black, health & beauty aid products.

Although many chains could justify buying leading black hair care products direct from manufacturers, based on their sales volume, the regional nature of the business and the volatility of the market has led many chain execs to continue with distributor arrangements.

Only a handful of drug chains have opted to buy direct from the manufacturer. They include Walgreens, Revco, Rite Aid and Hook. Most chains rely on either store-to-store deliveries or warehouse-to-warehouse deliveries from distributors.

At the heart of the direct vs. distributor issue is the fact that many of the black ethnic products have widely varying degrees of regional appeal.

"People do not realize that just because an ethnic H&BA item is among the top 10 selling items, it's not necessarily going to be a top 10 item in their region," said Kent Humphreys, president of Jack's Service in Oklahoma City.

Product-movement studies from Jack's Service indicate, for instance, that Long Aid Gel is its third biggest seller in the Southwest.

However, at Johnson Drug Supply Co. in Detroit, Mich., Long Aid Gel places 27th on the list of leading sellers.

The problems become increasingly difficult for chains that have stores in a number of regions. While a chain such as Hook Drugs, which has stores primarily in the state of Indiana, can feel comfortable that what's selling in one part of Indiana is probably selling in other areas of the state as well, chains with stores that span several states have to be aware of regional differences.

Some of the larger chains such as Walgreens and Revco that have gone the direct supply route have attempted to compensate for the regional swings in the business by getting product-movement information from their store district offices.

Still, many industry insiders say that a case can be made for going direct. "I don't think that anyone would question the fact that a product like Soft Sheen has the largest share of market in the country," said one industry source. "But are the distributors going to be happy with the dregs while the chains take the jewels for themselves?"

There also is the question of whether chains want their buyers putting all the effort and time into an ethnic program when only 25% of a chain's stores may feature ethnic departments.

Ray Perrone, a buyer at Adams Drugs in Pawtucket, R.I., notes that the ethnic department is one of the most profitable areas in the store. But the chain uses a distributor because it has ethnic products in only about 85 of its 423 stores.

Other chains including Medi Mart, Genovese Drugs and CVS have also opted for distributors.

In addition, warehouse-to-warehouse programs such as those offered by Beauty Enterprises, based in Hartford, and Ben Sheftall in Savannah, Ga., are also being used much more widely by drug chains.

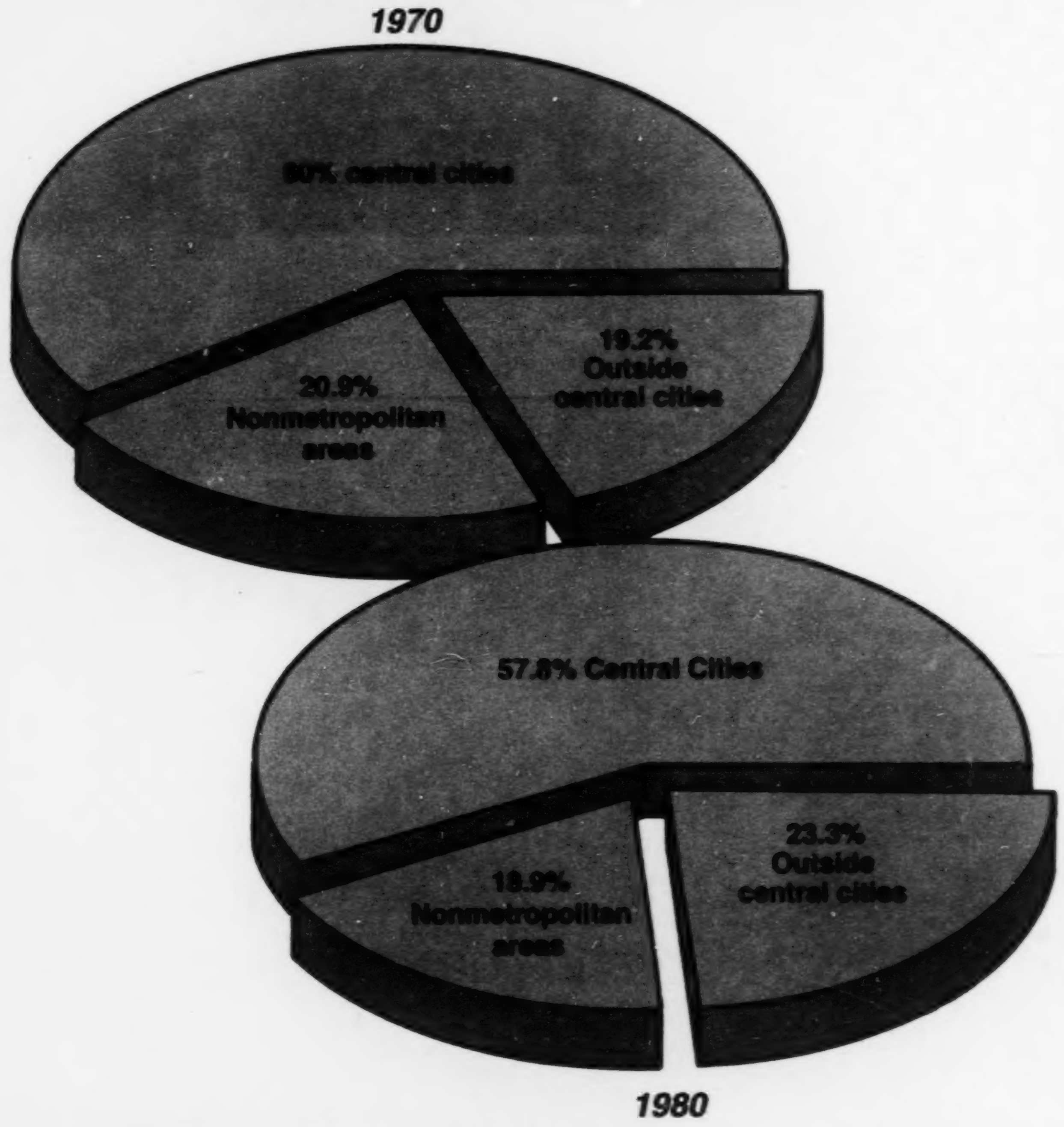
Many drug retailers point out that at best they would 'gain a few points" by going direct. Moreover, distributors make the case that chains benefit from increased volume in a distributor arrangement.

One drug retailer for a chain on the West Coast likened the current situation with ethnic products to sunglasses. "We could buy ethnic products direct from manufacturers and as we could start a private-label sunglass program," he noted. "But the question you have to ask yourself is do you want to be stuck servicing the department, and can you stay on top of the trends in the business?

"As it stands, we're already making 35% to 40% margins, what's the point in risking that?"

However, in the long term, as more retailers test the ethnic department waters, drug chains may be forced to go direct with manufacturers. Up until now, the market has not been overly price sensitive. But chains may take a more competitive stance if the marketplace heats up.

Distribution of U.S. black population



Source: U.S. Department of Commerce, Bureau of the Census

U.S. black population is shifting to suburbs

Chain drug retailers will have to consider placing more ethnic health & beauty aids departments in suburban store locations as more blacks leave the nation's cities for the suburbs.

In 1970, 60% of the black population resided in cities, according to the Bureau of the Census of the U.S. Department of Commerce. In 1980, the percentage of blacks living in central cities declined to 57.8%.

The Census figures indicate that more blacks are moving to suburbs outside of the central cities. In 1970, 19.2% of the black population lived in suburban communities. By 1980, the percentage grew to 23.3%. The percentage is expected to show additional increases throughout the remainder of this decade.

At the same time that more blacks are living in the suburbs, the number of blacks working outside of the central cities is also expected to grow considerably as more businesses relocate to suburban localities.

H&BA space allocation tied to local needs

Unlike the space allocated to general health & beauty aids departments, the size of ethnic H&BA departments varies from store to store, depending on the ethnic makeup of a particular store area.

Consequently, input from store personnel can be a crucial element in the success of an ethnic H&BA department.

The general rule of thumb is that a store with a 10% black customer base should allocate no more than 3 ft. to ethnic H&BA products.

However, as the percentage of black customers increases, it becomes much more important to allocate larger sections to ethnic departments. A store with a black customer base of 15% to 25% should feature an ethnic department ranging from 4 ft. to 6 ft.

At least 8 ft. to 12 ft. for ethnic products is recommended for stores with a 40% ethnic makeup. And those stores in which 50% or more of the customers are black frequently can support departments of 16 ft. and up.

But, however useful these formulas are in determining the size of a store's ethnic department, most chains rely heavily on store personnel to advise hedquarters if a department should either be cut back or expanded.

In addition to fine tuning space allotments, drug chains also are doing a better job promoting and merchandising their ethnic departments than in the past. Until recently, many chain ethnic departments were relegated to outpost areas of the store and little consideration was given to developing the departments around the needs of a store's ethnic customers.

"We believe that the ethnic department is up and coming," said Bobby Little, Big B's vp of store operations. "For some time, it's been a department that has been neglected, but we realize that there is a real need for these products."

Big B is one of the few chains with ethnic departments in all of its stores. Little said the departments range in size from 4 ft. to 48 ft., with the average totaling 8 ft. to 12 ft. Its largest department is a 48-ft. section in the predominantly black city of Montgomery, Ala.

Another chain that has been aggressive in expanding ethnic H&BA's is Revco. Several years ago, Revco typically allocated 3-ft. and 4-ft. sections for ethnic departments in stores with a 50% or more black customer base. Today, Revco allocates 10 ft. to 12 ft. to ethnic H&BA's in similar stores.

Revco's commitment to ethnic departments has paid off. The chain is now doing as much business with its ethnic health & beauty aids as it does with general market hair conditioners in its more than 1,800 drug stores.

C3150-2

Merchandiser:
Buyers eye computer accessories—p. 15

Pharmacy:
N.C. Rx school to offer 6-year plan—p. 31

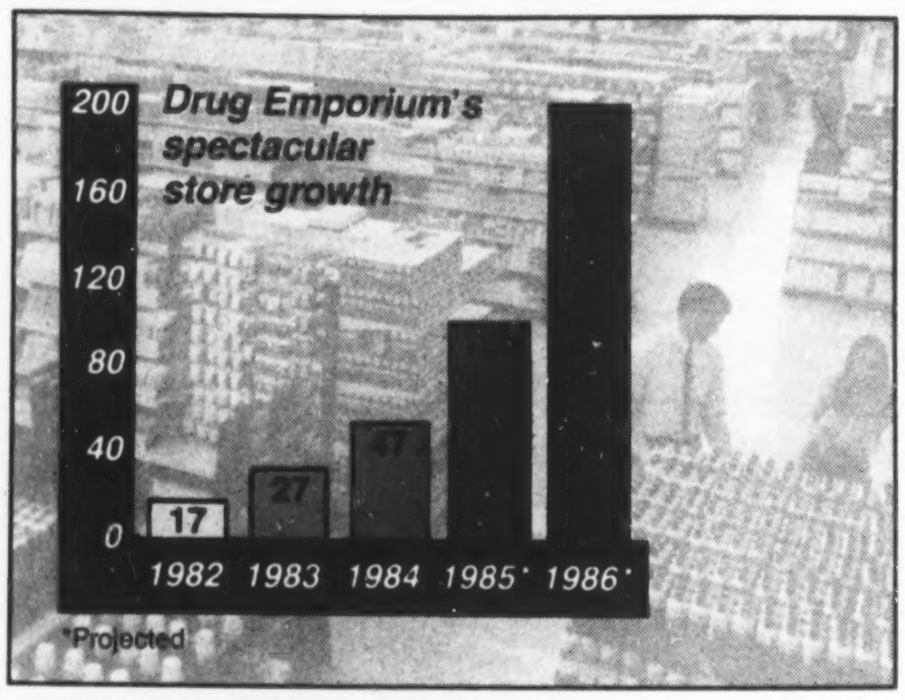
Cosmetically Speaking:
Fragrance sales boom as cosmetics lag—p. 44

DRUG STORE NEWS®

Vol. 7/No. 12 **Serving chains, wholesalers and high-volume independents for 56 years.** Published by Lebhar-Friedman Inc. May 27, 1985

Philadelphia deep-discount slugfest

Drug Emporium poised for explosion



Inside the Moorestown, N.J., store.

By Jim Ricchiuti

PHILADELPHIA — Having established a beachhead in this market with the opening of four stores, Drug Emporium is a step closer to its goal of gaining access to the top 100 markets in the U.S.

Already the nation's largest deep-discount drug store chain is entrenched in 25 of the top 100 markets in the U.S., confirming the worst fears of some chain drug executives—namely that off-price drug retailing is more than a passing phase.

Continued on page 58

The Rx Place
The Rx Place
FOR INCREDIBLE SAVINGS

Rx Place recently opened in Stratford, N.J.

Woolworth's Rx Place enters market fracas

STRATFORD, N.J. — Drug Emporium's foray into Philly may have put a crimp in F. W. Woolworth's plans for the Rx Place in this market.

Initially, Woolworth said it was planning to open between four and five deep-discount units in the Philadelphia-south New Jersey markets.

The first one opened here in Jefferson Plaza in a former 30,000-sq.-ft. Shop 'n Bag supermarket site. Approximately 15,000 sq. ft. is selling, with a heavy mix of health & beauty aids, greeting cards, cosmetics and hair care.

Sources say that Woolworth has another site selected outside of Philadelphia. However, Woolworth isn't talking about a second store yet.

Ken Colson, president of the Rx Place, is overseeing the project.

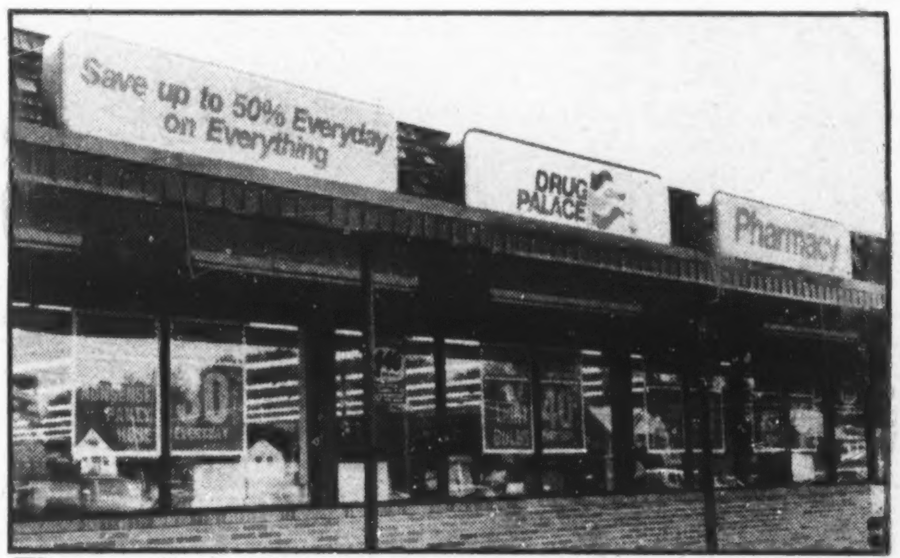
Drug Palace: Rite Aid one-two Philly punch

PHILADELPHIA — Rite Aid has come out swinging against Drug Emporium, which entered this market last month, by converting two conventional drug stores into its Drug Palace deep-discount format.

Earlier this month, the Drug Palace banner replaced the Rite Aid logo at a store in Somerdale, N.J., less than a mile from Drug Emporium's third deep-discount store, and about a mile from F. W. Woolworth's deep-discount entry, The Rx Place.

Last month, Rite Aid converted a 9,000-sq.-ft. store in northeastern Philadelphia to the Drug Palace logo in response to Drug Emporium's plans to open a store directly across the street.

Continued on page 58



The new Somerdale, N.J., Drug Palace.

Location is a dead-end

Premier FAD closes in Salt Lake

By Lou Karney

SALT LAKE CITY — American Stores closed the first FAD deep-discount drug store, which opened a year ago, but continues to operate a second unit opened three months later.

Competitors say the FAD (Food and Drug at Discount) store was shuttered because it was in a bad location.

"It was on a dead-end street, in a shopping center that was three-quarters empty," said an exec of a top supermarket chain that also operates pharmacies. "That was the reason that the Skaggs Drug Center [which the FAD replaced] was closed and moved in the first place."

Another exec said, "At these two locations, American Stores was stuck with existing leases. They tested FAD as a way to recoup their lease costs."

Analysts agree that American did not have a strong commitment to the concept.

"Why would they want to sell products in a deep-discount drug store," said Andy Peterson of Charter Investments, "when they can sell the same products with better margins in their combo stores? I don't think deep discount is their ballgame. Convenience is their game."

Margaret Gilliam of First Bosto agreed: "They were never serious about the concept. It was just one store, not a test. They just did what they felt they had to do to try to

Continued on page 58

ATE NEWS....LATE NEWS....LATE NE

JACK ECKERD CORP. expects to report an approximate 50% drop in earnings per share for the third quarter ended April 27 and a small decline for the nine months. The company cited "a slowdown in sales, primarily in April, and continuing pressure on gross margin." Corporate sales for the quarter increased 9.6%, while the drug company's sales were up 10.4% to $613.2 million. Final results will be released May 30.

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Drug World's 4 units charge into St. Louis

ST. LOUIS — SupeRx Drugs introduced its deep-discount concept to St. Louis in a big way, opening four new Drug World stores on the same day, May 1.

The four stores, ranging in size from 8,000 to 12,000 sq. ft., are located in suburban areas in converted Gasen drug stores, a chain owned by SupeRx since 1962. The openings bring the number of deep-discount stores in St. Louis to eight.

"Our research showed that this market, although occupied by other deep discounters, was far from the saturation point," said Robert Griffith, vp of human resources for SupeRx. "The consumer base was ready for our concept, and we had four stores in four good areas that we could convert, so we did it."

According to Griffith, opening four stores in one market on one day was done for maximum impact. "We wanted the people to know, in a big way, that Drug World was here," he said.

Griffith pointed out that the economies were also in the company's favor by opening four at the same time. "It doesn't cost any more to promote the opening of four than it does for one."

On May 1, a five-column-by-full-page ad in the *St. Louis Post-Dispatch* proclaimed that "Drug World Opens Today with Four Stores."

With liberal use of red spot color, the ad highlighted various department everyday discounts: 50% off General Elec-

Continued on page 58

But sale rumors persist

New pres joins Pay 'n Save on upbeat note

By Lou Karney

SEATTLE — Whether the Trump Group sells Pay 'n Save's 78-store Northwest division, as rumored, the operation will be beefed up as part of the Trump Group's "divisionalization" program.

The program's first priority is to put the new management in place under the overall direction of Mac Allen Culver, the new chairman and ceo of the division, and then to see about improving profits.

Part of that will be the responsibility of Maynard Jenkins, the Northwest division's new president, who joins the division on an upbeat note: "Pay 'n Save has an incredible customer base," Jenkins told *Drug Store News* just four days after joining the company. "This division can be very profitable."

Several sources in the Pacific Northwest indicate that Trump has set a $200 million price tag on the Pay 'n Save drug stores, and there are no takers at present because the price is too high.

The appointment of Jenkins following the elevation of Culver from president to chairman and ceo is being interpreted in some quarters as an indication of a possible leveraged buyout by a management group headed by Culver. No other industry division has both a chairman and a president.

Industry observers cite the leverage buyout of Dart Drug by Al Towle and a company management group as a parallel. Towle came to Dart as president, and within months the buyout was arranged, giving rise to speculation that the prospective deal was what brought Towle to Dart in the first place.

The first order of business, however, is to put Pay 'n Save on a more profitable plan. "Simply stated," Jenkins said, "my goal is to find out what the consumer's needs are and then plan the assortment, pricing and promotions to fit those needs."

> *'My goal is to find out what the consumer's needs are and then plan the assortment, pricing and promotions to fit those needs.'*
> **Maynard Jenkins**
> president, Pay 'n Save NW

Jenkins comes to Pay 'n Save from Lucky Stores. He started with Lucky in the early 1970's as assistant sporting goods buyer. In 1974, he was named vp of sporting goods nationally, responsible for Gemco and L&G Sporting Goods (L&G was sold in 1980).

In 1979 he was named vp-sporting goods and patio, and in 1980 vp in charge of hard goods except jewlery, photo and major appliances. His area of responsibility included H&BA, stationery, hardware, auto, gift, greeting cards and sporting goods. In January 1984, he was named vp and general merchandise manager for all hard goods as well as domestics.

Asked if his long association with Discounter Lucky means that Pay 'n Save will go on a discount pricing program, Jenkins said: "Not necessarily. We're going to sit down and first find out what the consumer wants."

NEWS IN BRIEF

Walgreens moves into Oakland

DEERFIELD, Ill. — Walgreens will open four stores in Oakland, Calif., this fall, the first time the chain drug company has entered this city. Walgreens plans to use four store locations that have been abandoned by Safeway. The stores will range in size from 11,400 sq. ft. to 12,300 sq. ft. No specific opening dates have been announced.

Rite Aid promotes 2

SHIREMANSTOWN, Pa. — Rite Aid Corp. has announced two executive appointments in its drug division. Philip Markovitz, formerly assistant vp, real estate, has been named vp, corporate real estate. Ivan Kron, most recently assistant director of purchasing, has been appointed vp, purchasing.

Giant sales up almost $7M

LANDOVER, Md. — Total sales for Giant's fiscal 1985 fourth quarter, ended Feb. 23 were $691.8 million, up 9.4% over the same period last year. Total sales for the year increased 9.3% to $2.1 billion. Net income for fiscal 1985 rose to $45.2 million, up 11.6% over fiscal 1984.

Merrell Dow markets Seldane

CINCINNATI — Merrell Dow has received the Food and Drug Administration's approval to market its new prescription-only antihistamine Seldane (Terfenadine). The drug is as effective as currently available antiallergy medications, but it causes no more drowsiness or sedation than placebo, an inert pill, according to clinical trials at six U.S. medical centers.

Dow will start shipping Seldane to wholesalers May 15, and national distribution of the drug should be completed by May 31.

INDEX

Classified 56
Financial 6
Merchandise News 52
Merchandiser 15
Pharmacy 31
Product Update 42

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Vol. 7, No. 12 May 27, 1985

SDM aims for 'hard' and 'soft' savings in 1st slot scanner test

TORONTO — Shoppers Drug Mart, Canada's No. 1 drug store retailer, is testing scanning in one of its two deep discount drug stores and planning to initiate a similar test this summer in about three of its conventional drug stores.

At the beginning, the test will be limited to stores with about average volume so that Shoppers can realize as much of a return on its initial investment as possible.

The company will be using slot scanners, which generally cost between $3,000 and $5,000 each, at all of its registers. The average Shoppers generally has six registers, but some stores can have as many as 10.

According to David Bloom, president and ceo, Shoppers expects to realize both hard and soft savings through the scanning installations. Hard savings should come in the form of productivity improvements in cash register throughput and labor scheduling, and soft savings should come from improvements in merchandising allocations based on data obtained from the scanners tracking.

"We expect the greatest savings to come from merchandising changes that affect our gross margin return on investment," said Bloom. "With scanning, we'll be in better control of our inventory, and we'll be able to reduce inventory investment based on turns."

Bloom said Shoppers will probably continue the test for about six months before expanding it to other stores. The first scanners went into Shoppers' second Howie's, the deep discount drug store for

Continued on page 57

Bolger lauds recruitment drive success at NACDS annual meet

WEST PALM BEACH, Fla. — Nearly 2,300 attendees, gathered here for last month's annual meeting of the National Association of Chain Drug Stores, heard president Bob Bolger summarize the association's major accomplishments last year while outlining a series of strategic objectives to be pursued in 1985 and beyond.

Among other things, Bolger reported on the status of NACDS's pharmacy recruitment drive, a sophisticated public information campaign designed to let today's young people know more about the attractiveness of pharmacy as a professional option.

To date, Bolger reported, the association has received more than 21,000 responses to the direct mail pieces and print ads that were directed at approximately 8.5 million high school and college students.

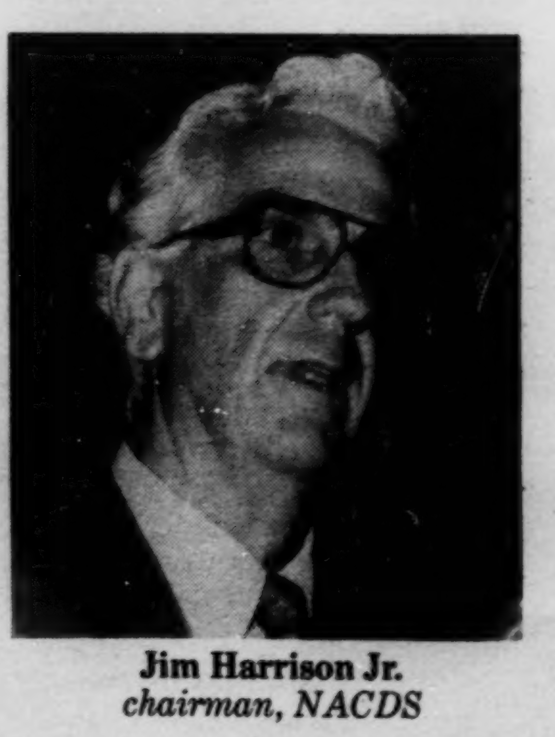
Bolger said he was "delighted" at the effectiveness of the drive which was launched last fall. "In total," he said, "we expect we'll reach over 8.5 million people and introduce them to the exciting profession of pharmacy."

The more than 21,000 replies to date, Bolger said, have been answered with additional mail pieces containing more informational materials on pharmacy.

In addition, the association "has provided the college of pharmacy deans with the names of the respondents so they may follow up with their

Continued on page 57

Harrison takes pulse of industry



Jim Harrison Jr.
chairman, NACDS

The following remarks are excerpted from the speech given by Jim Harrison Jr., president of Harco Drug, as he assumed the chairmanship of the National Association of Chain Drug Stores at the association's recent annual meeting.

I come to the position at a time when the association is at the height of its influence and respectability.

It is a position that has been forged through many years of strong leadership from Bob Bolger and a series of talented and dedicated chairmen who have devoted their time and energy to its success. And we find today an organization that is without peer as a retail trade organization.

Our staff is dedicated, our programs are relevant to the needs of our industry and our influence is immense.

So, as I look at this picture, it brings to mind a saying that we have in the South: "If it ain't broke—don't fix it."

However, all this being said, is there anyone in this room who does not believe that every single thing in his

Continued on page 57

FINANCIAL

Bindley sales rise 18%

INDIANAPOLIS — Bindley Western Industries announced that net earnings for the first quarter ended March 31 increased 21% to $1.2 million, or 19¢ a share, from $1 million, or 16¢ a share in the same year-earlier period.

Sales for the quarter increased 18% to $154 million.

Bindley Western operates distribution center in Indianapolis, Orlando, Houston, Atlanta, Phoenix and Dallas.

Durr-Fillauer reports income

MONTGOMERY, Ala. — Durr Fillauer, Medical Inc., the drug wholesaler based here, reported that first quarter net earnings increased 36.6% to $1.3 million from $963,000 in 1984.

Revenues for the quarter ended March 31 rose 19.3% to $97.7 million in 1985.

Medicine Shoppe net earnings rise 37% in second quarter

ST. LOUIS — Medicine Shoppe International reported that net earnings for the second quarter ended March 31 increased 37% to $697,084, or 20¢ a share, from $509,998, or 14¢ a share, in the comparable period last year.

Revenues for the quarter rose to $3.4 million from $2.7 million a year ago, a 29% gain.

For the six months, net income increased 48% to $1.4 million, or 40¢ a share, from $945,254, or 31¢ a share, last year. Revenues for the first half were up 26% to $6.8 million from $5.4 million.

Earnings per share for the six months increased by a smaller percentage than net earnings because there were 15% more average shares outstanding due to the initial public offering in December 1983.

Medicine Shoppe is the nation's largest franchisor of pharmacies. As of March 31, there were 522 Medicine Shoppes in 46 states.

		STOCK PRICE							TREND TO MARKET				EARNINGS/SHARE					P/E	DIVIDENDS			FINANCIAL POSITION				
		From 04/19/85 - 05/06/85							Price Trend (% per day)		Volume Trend (% per day)			Latest 12 Months vs Preceding 12 Months Change					Indicated Dvd. rate			Last Fiscal Year			Last Fiscal Year (Per Share)	
					Change		52-Week																			
Name	Symbol	High	Low	Close	Amt	Pct	High	Low	Last 30 Days	Last 5 Days	Last 30 Days	Last 5 Days	Last Fiscal Year	Amt.	Pct	5-Year Annual Growth Rate	Profit Margin	Latest P/E Ratio	Amt.	Yield	Last X-Dvd. Date	Revenue	Earnings	Current Ratio	Long Term Debt	Common Stock Equity
-	-	$	$	$	$	%	$	$	%	%	%	%	$	$	%	%	%	-	$	%	-	$ Mil	$ Mil	-	$	$
Chain Store transactions																										
Am Stores	ASC	54.50	49.00	49.25	-5.25	-9.63	56.50	26.50	-.25	-.87	1.24	-3.12	5.24	1.63 F	45.2	95.0	1.4	9.4	.64	1.3	03-26-85	12118.8	171.5	1.5	12.39	15.26
Begley Co	BGLY	17.00	15.75	16.25	.50	3.17	17.00	14.50	.13	.27	-1.48	-50.00	1.33	-.30 N	-20.4	-8.0	1.1	13.9	.72	4.4	04-15-85	61.5	.7	1.9	15.55	18.26
Big B	BIGB	16.38	15.75	15.88	-.38	-2.31	17.88	8.88	.07	-.12	-.94	4.59	.68	.15 F	28.3	22.0	3.0	23.3	.00	.0	09-21-83	148.1	4.4	2.3	.18	3.88
Drug Sys	DRGS	5.63	5.25	5.38	-.13	-2.27	5.63	3.25	.08	.00	4.11	-9.18	.56	-.25 N	-38.5	NC	2.1	13.4	.60	11.2	05-09-85	82.3	1.7	3.0	1.28	5.84
Eckerd, Jack	ECK	27.13	25.75	26.88	.00	.00	32.88	20.25	-.41	.48	4.59	-8.73	2.27	.26 S	12.1	5.0	3.3	11.2	1.04	3.9	03-11-85	2622.5	85.4	2.0	2.52	16.47
Fay's Drug	FAY	10.13	9.50	9.75	-.25	-2.50	13.00	8.38	-.30	-.32	1.32	9.31	.62	.02 F	3.3	72.0	2.4	15.7	.20	2.1	03-18-85	366.7	8.7	1.8	1.65	4.28
Genovese Drug	GDX	14.00	12.63	13.00	-.88	-6.31	16.63	11.13	-.23	-1.66	-2.35	-1.32	1.03	.07 F	7.3	89.0	1.9	12.6	.20	1.5	03-29-85	220.3	4.1	1.9	2.83	4.92
Hook Drugs	HOOK	36.38	36.25	36.25	.00	.00	36.50	18.00	.00	-.05	-5.86	38.75	1.87	-.14 F	-7.0	6.0	2.3	19.4	1.00	2.8	04-09-85	350.9	8.1	1.7	2.75	10.38
Longs Drg Strs	LDG	29.75	26.00	27.88	-.25	-.89	29.75	17.00	.39	.97	-1.22	2.56	1.88	.16 F	9.3	11.0	2.9	14.8	.64	2.3	03-27-85	1375.8	40.1	2.1	.00	12.23
Medicare Glaser	MGCO	5.00	4.75	5.00	.25	5.26	7.75	3.50	.09	-.44	-1.88	26.61	.43	-.19 N	-43.2	102.0	1.4	20.0	.00	.0	00-00-00	76.7	1.1	1.6	1.12	3.49
Pay N Save	PAYN	23.25	23.13	23.25	.00	.00	23.63	14.38	.07	.07	-4.93	-5.77	2.02	-.81 N	-41.3	-2.0	2.5	20.2	.00	.0	08-20-84	1220.5	30.1	2.0	9.01	14.37
Perry Drug	PDS	18.38	16.75	18.13	.13	.69	22.13	12.38	-.27	1.15	5.59	-25.27	1.26	.14 Q	13.0	18.0	2.1	14.9	.28	1.5	02-21-85	370.3	7.6	1.5	2.40	10.60
Revco Drug	RDS	25.63	23.75	23.75	-.50	-2.06	32.88	22.50	-.01	-.77	-3.29	14.84	2.54	-.45 N	-18.6	17.0	4.2	12.1	.80	3.4	02-26-85	2227.5	93.4	2.1	1.08	12.22
Rite Aid Corp	RAD	29.13	25.50	27.50	-1.38	-4.76	33.50	17.50	-.44	.74	-2.50	-19.98	1.69	.22 F	15.0	11.0	5.4	16.3	.50	1.8	04-09-85	1297.1	69.9	2.3	.49	7.68
Thrifty Cp	TFD	20.63	18.75	19.25	-.75	-3.75	22.88	14.00	-.24	-.10	-.11	-27.51	1.40	.24 S	18.8	21.0	2.1	12.7	.60	3.1	05-06-85	1299.3	27.9	1.5	4.46	7.72
Walgreen Co	WAG	51.63	49.25	49.25	-1.75	-3.43	54.63	28.63	-.27	-.47	.61	-1.15	2.78	.42 S	16.3	31.0	3.1	16.5	.88	1.8	02-11-85	2744.6	85.4	1.7	1.73	13.52
Wholesaler's transactions																										
Bergen Bruns	BBCA	27.38	25.38	25.63	-.13	-.49	28.50	19.00	.52	-1.32	.02	-1.30	1.57	.05 S	2.9	24.0	1.2	14.5	.32	1.2	04-25-85	1703.4	19.7	1.6	1.08	11.11
Cardinal Distrb	CDIC	18.25	17.50	17.75	-.50	-2.74	18.50	10.91	.35	-.34	-.04	20.22	.92	.11 N	12.5	NC	1.1	17.9	.06	.3	03-26-85	243.3	2.6	1.8	.92	5.91
Durr Fillauer	DUFM	15.75	14.13	15.50	1.00	6.90	15.75	10.25	.22	.87	.65	-3.82	.92	.12 F	15.0	21.0	1.7	16.8	.18	1.2	05-20-85	341.7	5.8	2.3	1.52	7.56
McKesson Cp	MCK	44.13	42.50	42.75	-1.00	-2.29	45.25	32.38	.03	-.53	-1.44	21.21	3.78	-.42 N	-10.7	-1.0	1.6	12.2	2.40	5.6	02-25-85	4260.0	68.7	1.4	10.45	30.25
Foxmeyer Cp	FOXM	28.00	25.50	25.50	-2.88	-10.13	29.75	20.00	-.20	-.81	-1.57	48.37	1.27	1.22 N	141.9	122.0	1.1	12.3	.00	.0	00-00-00	464.2	5.2	2.0	3.95	11.86
Ketchum	KCH	16.63	14.63	16.38	1.38	9.17	17.50	10.09	-.47	-.10	-2.33	73.91	.77	-.46 N	-49.5	100.0	.3	34.8	.00	.0	09-24-84	245.1	.8	1.5	6.37	6.74
Owens & Minor	OBOD	19.50	17.50	19.00	.75	4.11	19.50	11.25	.96	.50	5.22	21.04	1.43	.17 Q	12.3	49.0	1.2	12.3	.40	2.1	03-11-85	306.7	3.6	3.0	8.02	12.81
Spectro Indus	SPO	20.00	19.63	19.88	.25	1.27	20.38	9.38	.94	.10	-.51	-41.06	.89	.36 N	46.2	53.0	1.8	17.4	.09	.5	03-29-85	395.4	7.2	1.7	1.23	4.44
Manufacturer's transactions																										
Abbott Labs	ABT	51.75	49.50	51.38	-.13	-.24	54.00	36.75	-.15	.36	-2.27	-20.34	3.34	.49 Q	16.5	26.0	13.0	14.8	1.40	2.7	04-09-85	3104.0	402.6	1.9	3.91	13.33
Am Home Prod	AHP	62.38	57.25	59.13	-2.63	-4.25	62.50	46.75	-.17	.51	-.34	-15.38	4.39	.35 Q	8.5	15.0	15.1	13.3	2.90	4.9	02-06-85	4485.5	675.6	3.4	.26	13.74
Baxter Travenol	BAX	15.88	14.75	14.75	-1.13	-7.09	18.13	11.75	-.25	-.44	-2.71	-1.36	1.03	-.39 Q	-26.9	6.0	8.1	13.9	.37	2.5	03-13-85	1800.4	145.1	1.6	1.46	7.83
Block Drugs Co	BLOCA	31.00	30.50	30.50	.00	.00	31.25	24.28	-.02	-.04	2.17	8.33	3.18	.26 N	8.4	14.0	10.0	9.1	1.00	3.3	02-25-85	238.2	23.9	2.3	2.34	20.08
Bolar Pharm	BLR	43.75	39.75	41.75	1.38	3.41	43.75	22.50	.24	.87	-3.11	29.23	1.22	.07 F	6.1	47.0	18.2	34.2	.05	.1	02-08-85	29.1	5.3	4.9	.00	4.76
Bristol-Myers	BMY	58.13	56.25	57.75	1.38	2.44	58.25	43.00	.01	.37	.98	-.23	3.45	.42 Q	13.4	20.0	11.3	16.3	1.88	3.3	03-29-85	4189.4	472.4	2.5	.75	15.63
Carter-Wallace	CAR	32.63	31.38	32.38	.25	.78	34.50	19.38	-.07	-.05	-3.29	34.95	2.37	.31 N	13.4	32.0	5.7	12.4	.52	1.6	04-12-85	323.1	18.4	2.4	1.69	21.87
Cooper Labs	COO	15.75	14.88	15.38	.13	.82	27.00	12.50	.17	.79	.06	16.36	-.12	-.90 Q	-100.0	NC	-1.3	NE	.00	.0	03-12-84	155.9	-2.0	1.6	.61	11.81
Forest Labs	FRX	19.75	17.63	19.50	.25	1.30	21.75	11.25	.10	2.56	4.41	28.52	.54	.03 N	5.6	50.0	14.8	34.2	.00	.0	01-14-83	19.6	2.9	8.3	.28	5.42
ICN Pharm	ICN	11.13	9.38	9.75	-.75	-7.14	11.63	6.13	-.41	-.83	-3.47	-27.28	.00	-.22 F	-100.0	40.0	1.6	NC	.00	.0	00-00-00	44.8	.7	3.0	2.43	4.50
Key Pharm	KPH	9.63	8.75	9.00	-.25	-2.70	17.13	8.00	-.46	.28	.26	-3.16	.61	.10 F	19.6	106.0	14.6	14.8	.20	2.2	03-11-85	151.1	22.1	2.1	1.16	1.67
Lilly Eli Co	LLY	79.75	75.00	77.75	-2.00	-2.51	80.25	53.00	-.03	.58	-1.28	-11.49	6.73	.60 F	9.8	12.0	15.8	11.6	3.20	4.1	05-09-85	3109.2	490.2	1.7	1.63	31.04
Lee Pharm	LPH	7.50	6.13	6.25	.00	.00	9.63	2.13	.43	-.25	2.09	-2.41	.13	.52 Q	NE	16.0	6.2	29.8	.00	.0	00-00-00	8.1	.5	3.0	.20	1.73
Marion Labs	MKC	34.50	31.13	32.75	1.63	5.22	34.50	15.25	.88	-1.21	.90	-7.33	.62	.25 S	49.0	58.0	10.6	43.1	.26	.8	04-19-85	226.4	24.1	2.4	.02	3.52
Merck & Co	MRK	104.75	99.00	100.00	-3.50	-3.38	105.38	78.25	-.14	-.36	-.25	-8.19	6.71	.60 Q	9.6	7.0	13.8	14.6	3.20	3.2	02-28-85	3559.7	493.0	2.0	2.48	35.29
Morton Thiokol	MTI	32.13	29.63	30.75	-.88	-2.77	32.13	23.81	.06	.17	-2.44	-48.62	2.16	.39 S	20.3	25.0	5.5	13.3	.64	2.1	02-22-85	2001.5	109.8	1.5	2.94	12.50
Mylan Labs	MYLN	23.75	19.88	21.50	.75	3.61	23.75	6.13	.26	.21	-.32	6.97	.20	.11 N	36.7	121.0	12.7	52.4	.05	.2	02-19-85	36.9	4.7	5.4	.10	.76
Newport Pharm	NWPH	8.50	7.38	8.50	.63	7.94	8.50	2.75	1.04	2.82	1.82	38.63	-.21	.17 N	NE	-10.0	-26.0	NM	.00	.0	00-00-00	7.7	-2.0	2.6	.22	.93
Pfizer Inc	PFE	45.25	43.50	44.50	-.25	-.56	45.25	29.38	.17	.28	.64	-5.91	3.08	.38 Q	13.5	22.0	13.2	13.9	1.48	3.3	01-28-85	3854.5	507.9	2.3	2.10	15.45
Reid Prov Labs	REID	5.00	4.38	4.38	-.75	-14.63	5.25	2.75	.11	-2.25	1.03	11.44	.12	-.04 S	-25.0	99.0	6.7	36.5	.04	.9	12-10-84	13.4	.9	3.1	.02	.92
Robins, AH	RAH	20.50	17.75	17.75	-1.25	-6.58	24.38	12.00	-.65	-1.53	-1.82	38.84	-18.44	-20.58 Q	-100.0	-96.0	-73.0	NE	.00	.0	11-19-84	631.9	-461.6	3.2	1.36	14.69
Rorer Group	ROR	31.75	28.63	29.13	-2.88	-8.98	34.13	24.00	-.09	.13	-2.72	-11.17	2.08	.00 Q	.0	6.0	8.5	14.0	1.12	3.8	05-06-85	522.1	44.3	1.9	2.18	11.07
Scherer RP Co	SCHC	10.75	10.13	10.38	-.63	-5.68	13.13	8.63	.14	-.30	-7.90	15.91	.52	-.68 N	-100.0	-11.0	2.3	NE	.32	3.1	03-13-85	171.7	4.0	1.9	4.83	11.14
Searle, GD	SRL	52.63	48.88	49.88	-2.75	-5.23	65.50	37.50	.06	-.12	-9.86	-12.84	3.24	.22 Q	6.9	18.0	13.0	14.5	1.00	2.0	05-07-85	1245.8	161.6	2.4	3.62	14.85
Squibb Corp	SQB	58.63	55.50	57.63	.63	1.10	58.63	37.50	.05	1.00	-2.01	13.28	3.68	.37 F	11.2	19.0	10.5	15.7	1.60	2.8	02-08-85	1886.0	197.2	2.4	3.86	23.24
Sterling Drug	STY	32.75	29.88	31.88	.13	.39	33.50	23.75	-.03	1.01	2.52	.40	2.37	.14 Q	6.2	5.0	7.8	13.2	1.20	3.8	04-30-85	1827.3	143.4	2.6	1.32	15.34
Syntex Corp	SYN	58.00	55.38	57.75	1.25	2.21	59.25	38.75	-.09	.44	1.40	23.22	4.08	-.42 S	-9.5	20.0	14.7	14.4	1.92	3.3	02-08-85	916.5	134.6	2.1	5.36	18.81
Thompson Med	TM	15.25	13.88	14.00	-1.13	-7.44	26.50	13.25	.12	-.33	-2.57	40.35	2.20	-.09 Q	-4.5	42.0	10.8	7.4	.40	2.9	03-25-85	197.2	21.2	4.3	.00	7.09
Upjohn Co	UPJ	90.25	82.00	89.25	5.88	7.05	90.25	45.00	.36	1.90	4.09	8.36	5.67	-.69 Q	-11.7	.0	8.0	17.1	2.56	2.9	04-01-85	2179.1	173.3	1.7	12.47	37.00
Warner-Lambrt	WLA	38.88	36.00	37.63	-.75	-1.95	39.63	28.75	-.11	.59	-2.15	3.09	2.81	.28 Q	10.7	7.0	7.1	13.0	1.48	3.9	02-04-85	3166.7	223.9	1.7	6.47	18.18
Zenith Labs	ZEN	40.25	28.50	40.25	11.25	38.79	40.25	8.00	1.40	5.47	4.55	21.75	.56	.07 F	14.3	69.0	7.7	71.9	.00	.0	03-13-85	37.5	2.9	2.6	.55	3.97

All data is based on sources believed to be reliable, but its accuracy is not guaranteed. Every effort will be made to correct errors, when discovered, in future issues.

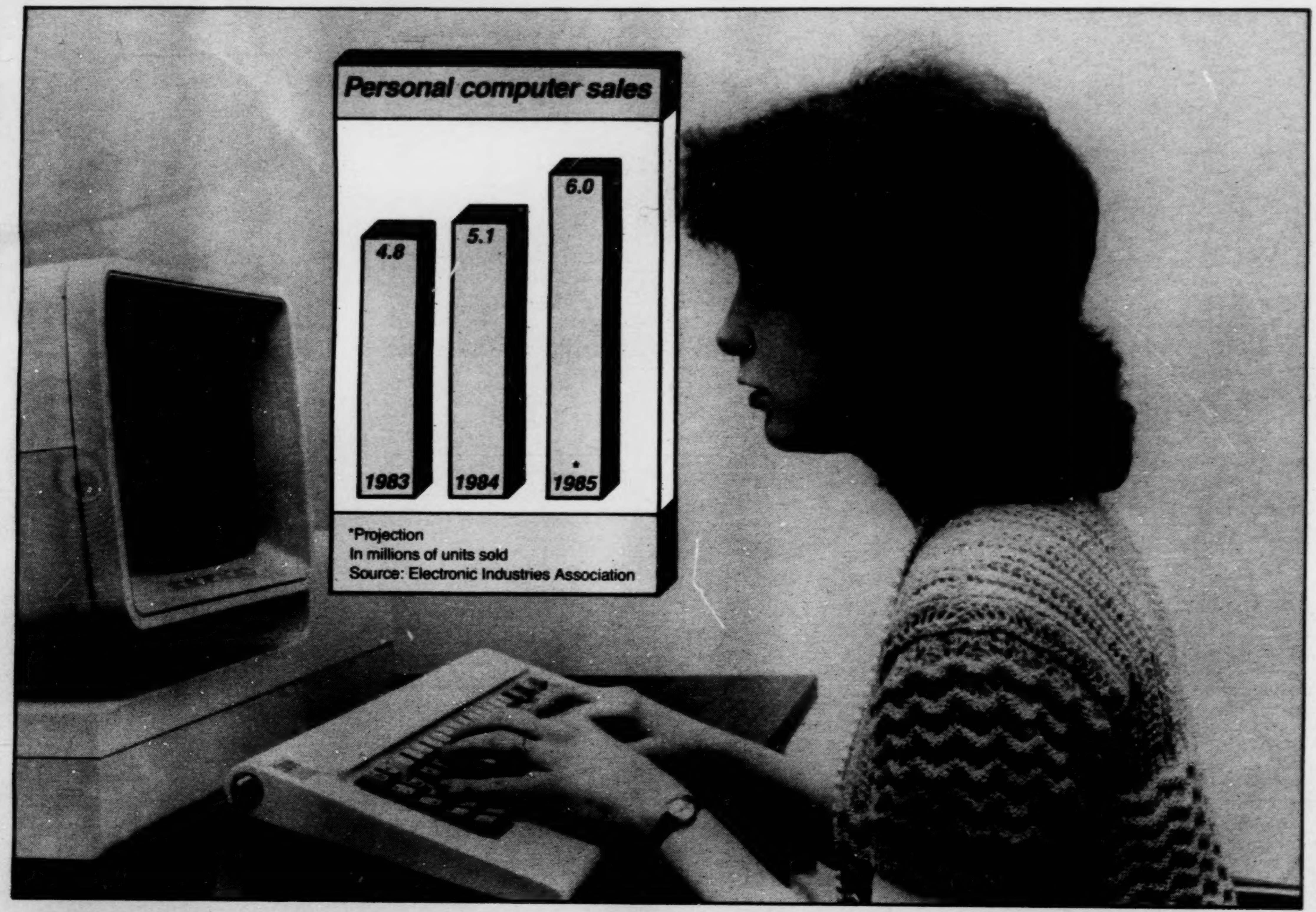
Footnotes:

NA - Not Applicable
NC - Not Calculable
NE - Negative Earnings
NM - No Meaningful Figure
Q - First Quarter
S - First 6 Months
N - First 9 Months
F - Fiscal Year

Data and Table Prepared by Media General Financial Services, Inc., Richmond, Virginia 23219

MERCHANDISER

Buyers eying computer accessory potential



As the penetration of home and small business computers deepen, a new merchandising category is emerging in chain drug stores . . . computer accessories.

Accessories, mainly floppy disks, are quickly becoming mass-market items and are starting to be merchandised in major drug chains such as Longs, Eckerd, Perry, Hook's, Osco and Fay's.

Other than the floppy disks, or diskettes, the computer accessories currently available to drug stores and other mass merchandisers include storage racks, paper, labels, mailers, forms, head-cleaning kits, stationery and cards.

Unlike many other categories, computer accessories can be cross merchandised in several departments—stationery/office, business supplies and back-to-school.

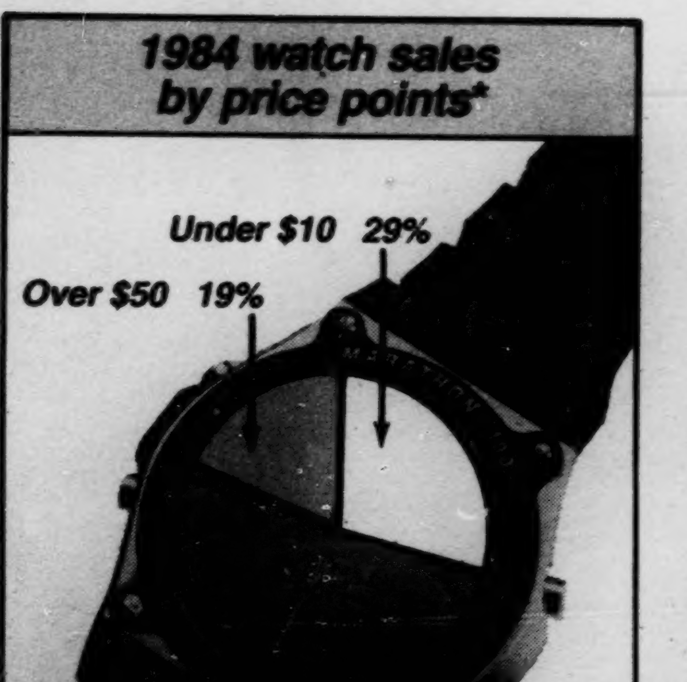
In a spot check, *Drug Store News* found that while most manufacturers felt optimistic about the category being merchandised in drug stores, buyers were somewhat cautious in their optimism.

Continued on page 17

Retailers race clock to sell low-priced fashion watches

Chain drug buyers are hoping that there is still some life left in the plastic fashion watch category as the market floods with low-priced Swatch watch knockoffs.

Last year drug chains and mass merchandisers could only watch from the sidelines as the trendy Swatches turned the watch market upside down.



Source: Timex
*Projection based on data available to date.

Swatch U.S.A., in a move that has been described by its competitors as a "stroke of marketing genius," bypassed many of the conventional channels of distribution and directed its colorful line of $30 plastic watches to department and specialty stores.

Swatch supported the line with a hefty ad budget that hammered home the trendy fashion theme to consumers, who propelled the product into position as one top selling gift item during the '84 holiday season. Since being introduced in 1984, industry insiders say that more than two million Swatches were sold.

Although unit sales of Swatches represented only a small percentage of the estimated 60 million watches sold in the U.S. last year, the Swatch has had a major impact on the industry.

Given the Swatch's tremendous success, it's no surprise that manufacturers are gearing up their production lines to turn out plastic fashion watches. Such companies as Timex, Lorus, Armitron and Parker Watch, to name a few, are looking to capitalize on the growing market for inexpensive fashion watches.

Drug retailers are excited by the fact that this year they will have more ammunition to compete with the de-

Continued on page 17

Fitness craze pumps up chain drug vitamin sales

The national health and fitness craze sent sales of vitamins and nutritionals skyrocketing last year in chain drug stores.

According to the *Drug Store News* 1985 Annual Report of the Chain Drug Industry, sales of vitamins and nutritionals soared 14.4% to $369 million in 1984, accounting for 10.3% of all over-the-counter sales.

And sales will continue to increase in 1985 as chains upgrade product mix, expand private-label vitamin lines and heavily promote such products in store circulars.

Begley, for example, recently completed a chainwide program to refixture its vitamin department. In addition to adding new shelf strips that better identify products, the Richmond, Ky.-based company expanded the department to 15 ft.

Continued on page 18

Buyers eying computer accessory potential

Continued from page 15

"We keep hearing that it's a great item, and I think it could be in the future, but right now our sales are miserable," says one buyer for a Midwest drug chain.

On the other hand, Kerr Drug Stores in Raleigh, N.C., experimented with accessories in one of its stores and was delighted with the results. "We sent all of the samples we had received to our store near the university, and the manager made it into a nice display, and it turned very quickly," says Steve Osborne, Kerr's stationery buyer. "We know the business is out there, we just have to figure exactly what the public wants and how to get its business."

Tom Burke, director of sales development for Kodak's consumer electronics division, says now is the time for buyers to act. "The market is in its infancy. It's a very good time for drug stores to enter it."

Currently, most of the major chains carry from one to four sku's of floppy disks. Most carry only the 5¼-in. single sided mini-disks that are compatible with the low-tech home computers like Atari, Commodore and Apple.

Only a few chains carry the new 3.5-in. micro-disk used by the new Apple McIntosh, and the 5¼-in. mini double-sided, used by the IBM and other small business computers.

Floppy disks are still considered service counter items by most drug stores and are sold next to the film and video tape. Most disks are manufactured by consumer electronic suppliers, namely 3M, Fuji, Kodak and Maxwell, who market the products via established drug store channels. The stores that carry other accessories usually do so in their stationery departments.

Space requirements for computer accessories, especially the disks, are quite minimal, and usually take up less space than film does.

Retailers retain margins

As is the case for most technological newcomers, the retail price of the floppy disk has decreased by about 10% during the past year, and in some markets is footballed in ads quite frequently by the discount merchandisers.

Margins in drug stores for all computer accessories are in the 35%-45% range. "During the price decreases, the manufacturers gave up margin so retailers could keep theirs," says Mark Welland, national sales manager for Maxell computer products.

Originally, floppy disks were able to be purchased one at a time by the consumer, but most manufacturers have discontinued that packaging, and now offer 2-, 5- and 10-packs with retail price points ranging from $3 to $48, depending on manufacturer.

All Perry Drug stores carry two sku's of floppy disks. "We carry them strictly as an accommodation for our customers," says a Perry buyer. "We haven't promoted them much, but we do plan to do so in the future. Most people don't know we carry them."

Cultivate your garden

"I see a shift in volume from computer stores to mass merchandisers," says Welland. "A trend is developing as a result of the natural growth cycle of a product. In the beginning, only specialty computer shops carried floppy disks and other computer supplies, and now as the industry is experiencing strong growth, there's a shift to sales in mass merchandisers."

Welland says that about 30% of all blank floppy disks are now being sold by mass merchandisers. "And by all indications, that will increase dramatically within the next couple of years, especially if the mass merchandisers promote," he added.

Maxell, which holds about a 22% share of the floppy disk market, has doubled its business every six months since 1980. Scotch-brand floppy disks, by 3M, also hold a 22% market share.

"It's a very competitive market, especially on the West Coast," says Kodak's Tom Burke. "The floppy market is very price-oriented and is very promotable."

The Perry spokesman says it is quite different in his market. "I haven't seen floppies advertised much by any retailer in our area, so there's really no need for me to promote price on the item. I wouldn't be able to buy enough customers to make it worthwhile."

By far, the greatest marketing potential at this time is with the personal home computer user.

Another important marketing area is the ever-growing small business computer owner, who uses a different floppy disk than the home computer user. "As the price of computers comes down, more small businesses will get them and the need for double-sided disks will increase," says Fuji's Solomon.

"The growing market as I see it," says the Midwest buyer, "is the small business computer user. I can easily see the boss sending his secretary down to the drug store for a 10-pack of floppy disks and a pack of cigarettes."

Several other buyers expressed that same prediction, based on the convenience of the drug store. "We've seen an increase in our stationery/office supply department because of that reason," says one buyer.

"Children are now being asked to buy their own disks for school use," says Maxell's Welland, pointing out that disks are also a back-to-school item. "Now, the kid's back to school list reads, 'pencils, crayons, scissors, ruler and a box of floppies.'"

Chains snare larger share of costume jewelry sales

As costume jewelry becomes more of an accepted fashion item among women, chain drug stores are upgrading their jewelry departments in an attempt to snare a bigger share of this highly profitable business.

Suppliers, which service nearly 80% of the chain drug jewelry departments in the U.S., have noticed a more aggressive philosophy on the part of chain drug retailers.

"The chain drug industry has just blossomed in terms of the sales increases and expansion of the departments," says Jack Flynn, president of Accessories Associates, which services several chains including Harco Drug in Northport, Ala., Douglas Drug in North Providence, R.I., and a number of Drug Emporium outlets on the East Coast.

Costume jewelry has long been considered an excellent impulse item, particularly among teenage girls. However, concern over pilferage led many chains to approach the category cautiously. Some chains limited their jewelry business to in and out promotions.

However, better-quality jewelry pieces that complement today's fashion trends have expanded the traditional customer base beyond the teenage set. And drug retailers have been hard pressed to ignore the expansion of the market and the improvement in the merchandise.

Several chains that two years ago had no formal jewelry programs have since gone chainwide.

Medicare-Glaser, the St. Louis-based chain, last fall launched a chainwide jewelry program through Marle Creations. According to Medicare-Glaser buyer Constance Curran, early results from the program have prompted the chain to increase some of its projections for some stores.

"The whole category has really come around," said Curran. "At one time, costume jewelry departments in drug stores were just that—costume. But the category has really been upgraded. I'm really pleased with what I see out there."

Low-priced fashion watches

Continued from page 15

partment and specialty store operators, many of whom are expecting another big year from the Swatches.

Some chains such as Medicare Glaser have already begun testing the fashion watches.

Ray Jeans, a buyer, said the St. Louis-based chain introduced a fashion watch from Parker Watch last year. "We brought some in for Christmas through Affiliated," Jeans said. "It didn't do quite as well as I expected, but it did start picking up for us during Valentine's Day. I think it's going to be a super item for us during this Christmas."

Most retailers are confident that the fashion watch fad will continue through Christmas. However, buyers are cautious about the trend continuing well into 1986.

"I think [the plastic watches] will be a good summer item that could carry into the fall," said Ron Goldman, a buyer at Affiliated Drug Stores. But Goldman is doubtful that demand will continue to be as strong beyond Christmas. "The market is just flooded right now," he added.

Some buyers believe that as the market gets more crowded with plastic fashion watches the big casualty is going to be Swatch. "I think [the knock-offs] will be around for a while," said Dick Donahue, buyer at Ribordy Drugs in Valparaiso, Ind. "I don't know if Swatch is going to hang around though."

Buyers believe multiple purchases will fuel the growth of the low-end fashion watch market. As prices come down, Swatch customers, who are primarily women, will be looking for additional colors and designs.

Howard Fisher, general manager of marketing at Lorus Products, which has just introduced a line of plastic watches, believes the market will remain strong so long as women continue to view the new watches as fashion items.

"Plastic watches are a fashion accessory that tell time vs. a timepiece that is a piece of jewelry," Fisher notes.

There also is a high degree of impulse buying with the plastic fashion watches. Sone chains, in fact, are considering merchandising the plastic fashion watches away from their conventional watch display and closer to the cosmetics department.

As more of the plastic fashion watches hit the market, price points are expected to close in on the $12 to $14 range for some of the better quality watches. Lorus' new line of plastic watches will retail for $19.95 at full mark-up. Timex's Fun Timers, a line of colorful watches with a nylon brand, is currently selling at $17.95 at full mark-up.

Buf-Puf Brigade rolls into the Big Apple

NEW YORK — Roller skates, ear muffs, banners and bicycles have become sales tools for a group of New York street merchandisers.

When they appear before retailers, they get attention.

This unconventional group of salesmen, called the Buf-Puf Brigade, sell to thousands of H&BA and drug store outlets. Their product is the Buf-Puf facial sponge from 3M's Personal Care Products.

Why would a Fortune 500 company use this sales approach to sell a consumer product in a major sophisticated market such as the New York Metro Area? "Efficiency and prudent cost," says Debbie Richman, 3M's northeast area sales manager.

Richman points out that the population of the area exceeds 14 million and that there are more than 10,000 accounts that need to be called on.

Reaching them required more arms and legs than Richman had at her disposal, having only several full-time account reps for the entire New York City area. Hiring more full timers was economically unfeasible.

Richman's solution was to hire a part-time sales brigade.

Wearing neon shirts with the red 3M logo, carrying backpacks and pulling specially equipped luggage carriers, the part timers are tackling this tough market on foot, bike, roller skates and by bus and subway.

"All my reps are native New Yorkers," says Richman. "We have to hire people who can take to the street, because New York is the street."

The initial results show that her plan is working. While many other companies' wholesale sales went down during the same period, Richman's tripled in volume. Nielsen figures show steady increases in distribution and at the same time product-out-of-stocks declined.

Even New York pedestrians, who see virtually everything taking place on the streets of their city, have taken notice of the Buf-Puf Brigade.

New Product Performance

New product	Manufacturer	Category	Size	Average retail price	Test markets	% category sales increases	% category market share	Roll out	Ad budget
Brush Plus Shaving System	Gillette Boston	Shaving needs		$6.29 to $6.49	Peoria, Ill.				
Alka-Mints	Miles Lab. Elkhart, Ind.	Antacids	30's 60's		Tucson, Ariz.	n.a. n.a.	15.3%* 7.5	10/84 9/84	$7.7 million $4 million
Lactalins	Health Vitamin Co. Yonkers, N.Y.	Vitamins	100's	$14.25	n.a.	n.a.	n.a.	6/85	$1.8 million
Coffee Butler	Thermos Norwich, Conn.	Thermoses		$27.50	Cincinnati Grand Rapids	500	70	Fall 1984	$4 million
Sergio Valente fashion jewelry	Accessories Associates, North Providence, R.I.	Jewelry		$7.50-$25	n.a.	n.a.	n.a	Spring 1985	$25,000
Seagram's Cooler	Seagram Wine Co.	Beverages	12 oz. 4-pack	$2.99 to $3.99	New York Phoenix Tucson, Ariz.	n.a.	n.a.	Spring 1985	n.a.
Poppy Musk Cologne (spray)	Carme Int'l Novato, Calif.	Fragrances	0.05 oz. 1 oz.	$5 $10	n.a.	n.a.	n.a.	Spring 1985	$500,000
Crajel Mouth-Aid	Commerce Drug Framingdale, N.Y.	Dental		$3.50	n.a.	n.a.	n.a.	Spring 1985	$1 million
ACT Fluoride rinse	Johnson & Johnson	Dental	12 oz. 18 oz.		n.a.	n.a.	n.a.	9/84	n.a.
Always Maxi pads	Procter & Gamble	Feminine hygiene			Minnesota	11	20	5/84	$24 million

n.a. = not available

Source: *Drug Store News* 1984 Fall/Winter New Products Survey

Are you looking for the hottest new products to bring into your stores? Then don't turn this page without scanning the New Product Performance chart listed here.

Drug Store News surveyed more than 500 manufacturers to find what they're currently introducing to the market. Some of the products in our survey were boosting category sales by as much as 250%. Others in just a few months of testing had built shares of 70% or more.

Included in this chart are suggested retail prices and current advertising budget allocations.

The New Product Performance chart will be a regular feature in upcoming issues of *Drug Store News*. Let it help you make buying decisions.

Rising script demand parallels OTC switch

WASHINGTON — Does the conversion of prescription-only drugs to over-the-counter status mean reduced demand for other Rx versions of those products?

Not necessarily, according to market statistics released by the Proprietary Association.

In the case of 0.5% hydrocortisone preparations, for example, F.D.A.'s decision to allow the non-Rx sale of these drugs created a new $70 million market for OTC versions, according to the proprietary drug manufacturers group.

But instead of cutting into the market for Rx hydrocortisone products, the shift to OTC status has been accompanied by a parallel increase in the number of prescriptions filled for these drugs annually, PA said.

In addition, consumers have the benefit of broader choices and greater convenience, the association maintained.

In a position paper on Rx-to-OTC switches, the Proprietary Association said the practice has already "won the endorsement of Government, industry, health professionals, consumer leaders and consumers themselves."

Nearly 40 drugs in 16 different categories have already been recommended for the shift from prescription-only status and "dozens of these new products are coming onto the OTC market, where they are available conveniently and economically," the association said.

Some other examples of products that have enjoyed the new status are the branded versions of the aspirin substitute ibuprofen. This drug is the first new OTC pain reliever in 30 years, and "the impact on self-medication from this one switch alone is expected to be substantial."

In spite of these benefits that have emerged from the F.D.A.'s review of the OTC drugs, the Proprietary Association is calling for new guidelines.

Currently the drugs recommended for the switch to OTC status must go through the F.D.A.'s "new drug" review system, which is "already overburdened with other, more demanding work."

The association offered an example of one drug that was submitted for review and reclassification to OTC status, and 35 months later, "it had still not been addressed in detail by the New Drug Advisory Committee."

Not only are drug companies which face competitive pressures finding this situation "distressing," but the PA says, "it may also be unfair to consumers who might benefit from a favorable decision, either in relief from pain or discomfort or from lower medical bills, or both."

PA called for support of a "switch petition" in the form of supplemental new drug application.

The proposal has been offered, but "is in limbo and has been for almost three years."

Such "procedural snags" must be removed for the "continued transfer of appropriate ingredients and dosage strengths from prescription to OTC," the association reasoned.

SAMI tracks OTC, H&BA sales

NEW YORK — SAMI (Selling Areas Marketing Inc.) is introducing a new dimension to its marketing services—tracking the movement of over the counter drugs and health & beauty aids through chain drug stores and independent drug outlets.

SAMI, a subsidiary of Time Inc., is well known in the grocery business. Founded in 1966, the company tracks the movement of 460 categories of grocery products from food operator warehouses to retail stores in 54 markets.

The company plans to track the movement of drug store merchandise in much the same way. It will use computer data collected every 28 days from drug chain and drug wholesaler warehouses in SAMI markets. The data will be sold to U.S. manufacturers whose products are sold in drug stores.

According to Barbara J. Lippard, vp director of corporate development, the first four markets to use SAMI are: Chicago, New York, Los Angeles and San Francisco. Initial data from these markets, which collectively ring up about 24% of U.S. drug store sales, is beginning to come in.

The company ultimately plans to operate in all 54 SAMI markets, covering about 88% of drug stores' product movement. It expects to reach that goal by December 1987.

Currently, about 100 categories, the majority of which are health & beauty aids, are being tracked. "It's a little bit of trial and error right now before we determine the exact categories we are going to cover," said Alan B. Miller Jr., SAMI's vp of sales and services.

According to Miller, the company wanted to track drug store sales years ago but couldn't, because drug stores were not as highly computerized as food stores and drug stores also had a higher degree of drop shipments. That situation has changed, said Miller, making it feasible to track products from warehouses to drug stores.

Miller noted that SAMI will eventually track merchandise movement into mass merchandisers, but the company is still formulating these plans. He said that ultimately SAMI will pool data from food outlets, drug store chains and mass merchandisers.

May's Drug opens unit in the heart of Tulsa

TULSA, Okla. — May's Drug opened a new 6,700-sq.-ft. store called May's Main Place Drug in the heart of this city's burgeoning downtown business district.

Designed for walk-in convenience and rapid service, the store, formerly Mall Drug, is located in a pedestrian-only shopping complex in downtown Tulsa.

"Our directors are committed to a program of rapid expansion in the Tulsa Metro Area," said Gerald Heller, May's president. "We expect May's to be the dominant drug chain serving Tulsa, within the next five years," he asserted.

According to Heller, May's Main Place Drug is the only drug store serving downtown Tulsa. Another store is scheduled to open soon in the metro area, he added, noting that the company will open other stores as suitable locations become available.

May's Main Place Drug is tailored to the needs of daytime office workers and will heavily stock health & beauty aids and stationery. Sundries like barbecue grills, ubiquitous in other May's stores, will not be carried in the downtown store, said Heller. "We have problems getting big, bulky merchandise into downtown Tulsa," he noted.

In the Tulsa area, the company now operates seven drug stores plus the area's only deep-discount drug store, The Drug Warehouse. In Missouri, where the company's 20,000-sq.-ft. distribution facility is located, May's operates six drug stores.

May's biggest competitor is Eckerd, which operates about six stores in Tulsa and three in outlying Broken Arrow, Okla. According to an Eckerd spokesman, the chain hasn't opened any new stores during the past year in the Tulsa area.

Correction

Because of a typographical error, Genovese Drug Stores' sales for 1984 were misstated in the company's profile story in the Annual Report of the Chain Drug Industry, April 28. The correct figure is $220 million.

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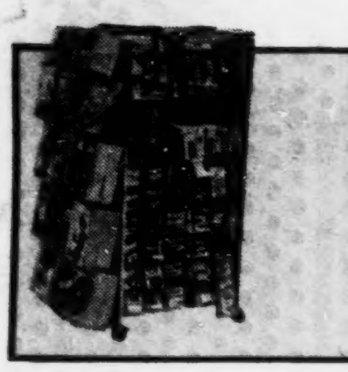

Special report: Checkstand study—p. 17

Pharmacy: PA opposes third class drug bill—p. 35

Cosmetically Speaking: Hot new trend is color analysis—p. 45

DRUG STORE NEWS®

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cosmetics
fragrances

Inside the Kroger Sav-On at Blue Ash, Ohio.

Kroger's new combo prototype will spearhead major expansion

CINCINNATI — Kroger Food Stores, the country's second-largest supermarket retailer, is planning a major expansion of its combination food/drug stores.

Wayne Harris, Kroger's vp of grocery and nonfood merchandising, told stockholders at the company's annual meeting here last month that pharmacy and general merchandise sales in Kroger's existing combination stores had risen 20.1% during the first quarter of 1985 compared to a flat 3.6% for U.S. food store sales overall during the quarter.

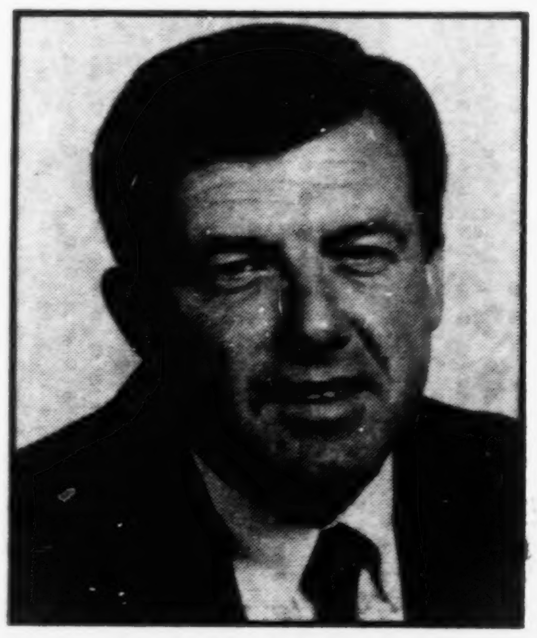
Harris said that Kroger plans to have over 500 combo stores in operation by 1987, many modeled after a new prototype that Kroger will debut this fall.

Of the 48 new Kroger food stores that will open throughout 1985, most will be combo stores, said company officials.

Harris told *Drug Store News* that about 35% of each new combo store which will

Continued on page 53

Edwards brings discount ability to Revco post



Bill Edwards
New Revco president

TWINSBURG, Ohio — Bill Edwards, the 44-year-old former F & M executive who was just hired as Revco's new president, will spend his first weeks on the job working with chairman Sid Dworkin and Revco's senior management team to help stem the sales and earnings declines in Revco's 1,800 drug store division.

He'll also oversee changes in the troubled Odd Lot close out division plus use his expertise in deep discounting to help determine the ultimate fate of Revco's experimental 3-unit Get It For Less Deep drug store division.

Edwards, who will succeed Dworkin as president on June 17th, comes to Revco at a time when the chain faces a broad assortment of problems.

In addition to increased competition from a growing number of deep-discount drug stores, mass merchandise and food stores with expanding pharmacy and H&BA departments, Revco is also weathering several serious internal problems.

Net earnings for the first nine months of the year were down 33% to $42 million on a sales increase of just 9%. Comparable store sales in some competitive markets have been flat or up only 3% to 4%.

Continued on page 54

Eckerd earnings slump surprises some analysts

CLEARWATER, Fla. — Eckerd Drug, which is anticipating a 50% earnings decline for the third quarter ended April 27th, was apparently a victim of "poor internal communications" and intense promotional activity brought on by inflated inventories as well as by increased competition in key core markets like Florida and Houston.

Security analysts who follow the company say they were very surprised by the extent of the decline, but that they had anticipated something of an earnings slowdown because sales were sluggish in the early and middle months of the quarter.

"The amount of the decline was a surprise to me," said one analyst who covers Eckerd, "but we could see from the sales that it was not going to be a good quarter."

Continued on page 54

TE NEWS....LATE NEWS....LATE NEU

TRADING OF JACK ECKERD CORP. stock, which is listed on the New York Stock Exchange, was extremely heavy at the close of last month, touching off rumors of a possible takeover. The company said that it had no information about the high level of trading activity.

MEDICARE-GLASER will close its Meg's Deep-Discount store in St. Louis in July. Harlan Steinbaum, president and ceo, said the store, opened in 1984, did not meet expectations.

Ohio retailers reap benefits

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Rival chains adopt scratch games

TV ads support Dart promotion

LANDOVER, Md. — Starting this August, Dart Drug will launch its first major television campaign based on a $60,000 scratch giveaway game.

The game is a relatively new promotional strategy for the drug store industry, but in various manifestations, it has been used for years by supermarket chains and fast-food restaurant companies trying to build traffic in highly competitive markets.

Dart is the second major drug chain to begin developing television supported scratch off games. Gray Drug Fair was the first to launch a scratch-off promotion early in April and Peoples will launch a similar promotion later this fall. (See related stories page 2.)

Sources at all three companies say it is just a coincidence that the game is emerging through three companies heavily involved in the competitive Washington, D.C. market.

"We're not really reacting to one another," said one source, "it's just that the time is right for this type of promotion and Washington/Baltimore is a good market for this type of promotion."

Dart, for instance, is concentrating its television advertising, on just five stations in the Washington area and its print advertising in the *Washington Post*.

The game, which will begin in August, is basically designed to enhance Dart's visibility as a "discount drug store" while simultaneously giving shoppers an additional incentive to visit a Dart store.

For 11 weeks, the campaign will get the Dart name mentioned on television for a total

Continued on page 54

* * *

$100K is grand prize in Peoples' scratch game

ALEXANDRIA, Va. — People s Drug, which has specialized in aggressive price/product promotions for the past four years, is about to add a new element to its promotional strategy: scratch-card games designed to build traffic by increasing the frequencies of shopper visits.

The Peoples scratch-card game is similiar in some respects to a promotion now under way at Gray and one being developed by Dart Drug for a midsummer launch.

All three promotions are designed to build traffic by offering customers the chance to win major prizes ranging from a Buick Century (Dart) to a trip to Europe (Gray) to a $100,000 grand prize (People s).

People's promotion will be-

Continued on page 54

NEWS IN BRIEF

Eckerd opens third Visionworks

TAMPA — Eckerd Corp. has opened its third "super" eyewear/eyecare store. The company's latest, Visionworks, opened late last month in a shopping center in Tampa.

Eckerd's first Visionworks opened last year in Clearwater, Fla., and Charlotte, N.C., respectively.

The new store is located in Visionworks Plaza in Tampa, opposite the University Square Mall. Like its predecessors, the unit stocks over 10,000 fashion eyeglass frames plus sunglasses, sports glasses, contact lenses, etc. The staff includes licensed opticians and optical technicians plus independent doctors of optometry and ophthalmology. Eckerd also operates 153 optical centers in five Southeastern states.

Perry to offer $1.5M common stock

PONTIAC, Mich. — Perry Drug Stores has filed a registration statement with the Securities and Exchange Commission relating to the proposed offering of 1.5 million shares of common stock.

Perry sources said that upon completion of this offering, it intends to effect a 5-for-4 stock split in the form of a 25% stock distribution.

Proceeds of the offering will be used to repay a portion of short term bank indebtedness incurred in connection with several recent acquisitions by Perry.

The offering will be co-managed by Prudential-Bache Securities, E. F. Hutton & Company, and Prescott, Ball & Turben.

Buyers flock to Affil./Assoc. show

NEW YORK — Buyers and executives from 75 drug chains converged on the Omni Park Central Hotel here from May 20-23 to attend the spring buying show jointly sponsored by Affiliated Drug Stores and Associated Chain Drug Stores.

Members of both organizations had an opportunity to visit 113 exhibiting vendors showing about 500 various lines for the back-to-school and Christmas buying seasons.

The combined fall show is scheduled for Oct. 7-9, also at the Omni Park Central Hotel in New York City.

Acme launches 3 combos

PHILADELPHIA — Acme Markets plans to convert three existing supermarkets here into the company's first combination food and drug stores.

The conversions will be modeled after the Skaggs-Alpha Beta combo stores operated by Acme's parent, American Food Stores headquartered in Salt Lake City.

The first combo will open this fall in Kennet Square, Philadelphia. The existing 33,000 sq. ft. store will be expanded to 48,000 sq. ft. with 35,800 space allocated for selling.

In addition to pharmacy and extensive lines of H&BA and OTC products, the unit will also feature Acme's first photo processing department plus a large assortment of general merchandise such as TVs, video recorders, small appliances, electronics, jewelry, film and watches.

INDEX

Classified 52
Financial 9
Merchandise News 48
People 12
Pharmacy 35
Product Update 43
Special Report: Checkstand merch. study 17

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Will chain scratch card games yield sweet smell of success?

News analysis

NEW YORK — Are traffic-building, scratch give-away games the industry's newest and possibly best answer to soft sales and declining margins?

With the first scratchoff game (Gray's) just a few weeks into action and with the next two, Dart and People's, slated to launch in the late summer and fall, it is too soon to give definitive answers, but an informal survey of chain executives and agency representatives say it may be the start of a new trend that holds "considerable promise."

"Everyone feels more threatened today," says Gary Wilber, vice president of operations for Drug Emporium. "What you see emerging now is a determination to get more traffic without reducing the gross margin.

"I think you're going to see a lot more promotions like this. You're probably also going to see more promotions modeled after what the airlines are doing, frequency promotions, like, "buy 10 bottles of shampoo from us and get the 11th one free." "If a promotion like this can get a shopper to visit a store three times a week instead of two, you've got a potential winner."

Sources at Gray Drug Fair, which launched its first scratch off promotion in late April, said they were attracted by two things: the opportunity to build store traffic and consequently market share and the opportunity to do so without reducing gross margins.

"Maintaining gross margins while at the same time increasing store sales is probably the biggest challenge we face in today's market," said one source.

Joe Pollard, vice president of advertising for People's, which will launch its first scratch off later this year in the fall, agrees.

"We looked at what the supermarket and the fast-food industry has done with these types of promotions," he said. "We called a lot of people and they were all telling us that this type of promotion is very good, particularly the first time you do it. We're hearing that they can build store traf-

Continued on page 54

At Gray, jury still out on scratch card game

CLEVELAND — Gray Drug Fair, which has been using a sweepstakes-scratch-off game since late April to build sales and store traffic, isn't sure how well the promotion is working.

Store managers and other sources say the initial results are promising, but it is still "too soon to tell" if the game will succeed. One source said average store sales were up about 8% to 9% which he called "very encouraging."

Sweepstakes are not new to Gray, the company has tried them before to build traffic, but this is the first time the company has launched a promotion built around a scratch-off game.

Customers who play the Gray "Lucky Labels game" can win prizes ranging from credit card size calculators to a round trip for two to the European city of their choice.

Gray is giving away a total of $100,000 in prizes including four grand prizes (the European trips), 10 first prizes, a 19-in. G.E. color television with remote and video recorder; 25-in. G.E. black and white TVs with AM/FM radio; 100 Black & Decker Dust Busters, and 15,000 Aurora calculators.

The promotion is chainwide and will last until the end of June.

Although the company says that the co-op monies raised through the promotion don't "really" filter down to the bottom line, neither does the promotion impact negatively on existing profit margins.

McKesson's latest buy: S-P Drug

McKesson Drug, the nation's largest volume drug wholesaler, has signed a definitive merger agreement to acquire Brooklyn-based S-P Drug. In 1984, S-P had sales of $164 million making it the country's 17th highest volume wholesaler.

The acquisition, which has been approved by the board of directors of both companies, will be McKesson's third major takeover in the last six months. Earlier McKesson had acquired the $450 million Spectro Industries and the $120 million Johnson Drug.

The current transaction is valued at $80 million based on the current number of outstanding shares for S-P. McKesson is paying $18 a share for S-P. Over the past four years, S-P Drug reported a compounded growth rate of 22% in sales and 45% in net income. Net income for the fiscal year ended April 30 equaled approximately $1 a share or about $4.4 million.

The acquisition returns McKesson to a market it hasn't competed in for over 15 years.

S-P is the leading wholesaler in the market, servicing accounts in the entire tristate New York Metropolitan Area. They primarily distribute pharmaceuticals and health & beauty aids to independents, chains and hospitals.

Neil Harlan, chairman and chief executive officer of McKesson and Robert A. Smith, president and chief executive officer of S-P drugs, both said they felt the merger would enable the company to "offer customers an even broader range of health and beauty products and services."

Harlan added that the acquisition also reflects McKesson's "increasing commitment to Value-added distribution and related services."

Kole, Gross join DrSN board

NEW YORK — Mickey Kole, president of the drug store division of Perry Drugs, and Don Gross, vp marketing and distribution at Genovese Drug Stores, have joined the *Drug Stores News* board of advisers.

Kole, a 28-year veteran of Perry Drug, has held a number of positions at the Detroit-based Perry Drugs after joining the company as a part-time clerk.

Recently named president of the drug division at Perry, Kole in the past has been involved in developing employee training programs as well as developing a business plan for Perry's entry into deep-discount retailing. Kole, a pharmacist, also has extensive experience in store operations.

Don Gross joined Genovese Drug Stores, headquartered in Melville, N.Y., in 1977 as director of marketing. Since that time Gross has taken on a number of responsibilities, including overseeing the warehouse and distribution systems and coordinating merchandising programs with operations. He also is actively involved in trade relations.

Gross recently added on the additional title of corporate secretary.

Mickey Kole

Donald Gross

FINANCIAL

Kroger Co. net earnings soar to $31 million

CINCINNATI — Kroger Co. reported that net profits were up sharply for the first quarter of the fiscal year, which ended March 23.

Results were released for Kroger Food Stores, Dillon Food Stores and SupeRx Drug Stores together. Financial results did not include Hook Drugs, which Kroger acquired in a $161 million cash/stock deal last February, because the merger was not approved during the first quarter.

According to Kroger, net earnings were up 67.4% to $31 million from $19 million. Total sales increased 5.2% to $3.8 billion from $3.6 billion, and per share earnings were up 66.7% to 70¢ from 42¢.

According to Larry Turner, Kroger's treasurer, the profit upsurge in the first quarter over the same period last year was due to a concerted attempt by the company to streamline costs during the past 10 months.

"We had a particularly crummy first quarter last year," said Turner. He cited labor disputes, store closings, and a complete withdrawal from the Pittsburgh market as draining company profits.

At Kroger's annual shareholder's meeting last month, Lyle Everingham, chairman and ceo of Kroger, said that same-store sales in both Kroger and Dillon food stores were up 5.4% during the fiscal year's first quarter, while SupeRx's first quarter sales rose 9.5%.

Everingham said that "over the past 18 months, we've moved aggressively as a corporation to trim expenses wherever they could be trimmed."

Walgreen cites Rx for performance

DEERFIELD, Ill. — April sales at the 1,158 Walgreens drug stores hit a record $260.5 million, an increase of 15.9% for the same month last year.

Calendar year-to-date sales are also up from 1984. The company reported sales for the first eight months of its fiscal 1985 at $1.01 billion, up 15.3% over 1984.

Charles R. Walgreen III, chairman, said the monthly gain was aided "by our continuing excellent pharmacy performance."

The company is also well on its way to its goal of opening 100 stores during fiscal 1985. "We continue to do well in meeting our expansion goals," said Walgreen. "We've opened a record 76 drug stores during the first eight months."

		STOCK PRICE							TREND TO MARKET				EARNINGS/SHARE					P/E	DIVIDENDS			FINANCIAL POSITION				
		From 05/03/85 - 05/20/85							Price Trend (% per day)		Volume Trend (% per day)			Latest 12 Months vs Preceding 12 Months Change					Indicated Dvd. rate			Last Fiscal Year			Last Fiscal Year (Per Share)	
					Change		52-Week																			
Name	Symbol	High	Low	Close	Amt	Pct	High	Low	Last 30 Days	Last 5 Days	Last 30 Days	Last 5 Days	Last Fiscal Year	Amt.	Pct	5-Year Annual Growth Rate	Profit Margin	Latest P/E Ratio	Amt.	Yield	Last X-Dvd. Date	Revenue	Earnings	Current Ratio	Long Term Debt	Common Stock Equity
-	-	$	$	$	$	%	$	$	%	%	%	%	$	$	%	%	%	-	$	%	-	$ Mil	$ Mil	-	$	$
Chain Store transactions																										
Am Stores	ASC	57.75	48.63	57.63	7.88	15.83	57.75	26.50	-.14	1.31	-1.42	-2.32	5.71	2.10 F	58.2	117.0	1.5	10.1	.64	1.1	03-26-85	12118.8	185.5	1.2	37.93	21.40
Bagley Co	BGLY	17.25	16.25	17.00	.75	4.62	17.25	14.50	.24	-.86	5.35	-9.09	1.33	-.30 N	-20.4	-8.0	1.1	14.5	.72	4.2	04-15-85	61.5	.7	1.9	15.55	18.26
Big B	BIGB	18.38	15.50	18.38	2.25	13.95	18.38	8.88	.19	2.88	.60	23.14	.68	.15 F	28.3	22.0	3.0	27.0	.00	.0	09-21-83	148.1	4.4	2.3	1.20	4.58
Drug Sys	DRGS	5.38	5.00	5.00	-.50	-9.09	5.63	3.25	-.26	-.78	-3.88	62.50	.56	-.25 N	-38.5	NC	2.1	12.5	.60	12.0	05-09-85	82.3	1.7	3.0	1.28	5.84
Eckerd, Jack	ECK	27.25	20.00	22.88	-3.50	-13.27	32.88	20.00	-.80	-1.50	6.20	-31.49	2.27	.26 S	12.1	5.0	3.3	9.5	1.04	4.5	03-11-85	2622.5	85.4	2.0	2.52	16.47
Fay's Drug	FAY	9.88	9.00	9.25	-.63	-6.33	13.00	8.38	-.30	-2.19	-.13	25.29	.62	.02 F	3.3	72.0	2.4	14.9	.20	2.2	03-18-85	366.7	8.7	1.8	1.65	4.28
Genovese Drug	GDX	13.00	12.00	12.75	.13	.99	16.63	11.13	-.47	.79	1.52	-60.68	1.03	.07 F	7.3	89.0	1.9	12.4	.20	1.6	03-29-85	220.3	4.1	1.9	2.83	4.92
Hook Drugs	HOOK	37.25	36.25	37.25	1.00	2.76	37.25	18.00	-.03	-.20	-2.48	51.60	1.87	-.14 F	-7.0	6.0	2.3	19.9	1.00	2.7	04-09-85	350.9	8.1	1.7	2.75	10.38
Longs Drg Strs	LDG	29.38	26.63	29.25	1.50	5.41	29.75	17.00	-.08	.89	-5.85	8.32	1.88	.16 F	9.3	11.0	2.9	15.6	.64	2.2	03-27-85	1375.8	40.1	2.1	.00	12.23
Medicare Glaser	MGCO	5.25	4.00	4.75	.00	.00	7.00	3.50	-.12	-2.04	10.11	-7.83	.43	-.19 N	-43.2	102.0	1.4	19.0	.00	.0	00-00-00	76.7	1.1	1.6	1.12	3.49
Pay N Save	PAYN	23.25	23.25	23.25	.00	.00	23.63	14.75	-.06	-.73	-7.62	-8.33	2.02	-.81 N	-41.3	-2.0	2.5	20.2	.00	.0	08-20-84	1220.5	30.1	2.0	9.01	14.37
Perry Drug	PDS	20.38	17.63	20.00	1.88	10.34	22.13	12.75	.11	-.28	3.22	3.16	1.26	.14 Q	13.0	18.0	2.1	16.4	.28	1.4	02-21-85	370.3	7.6	1.5	2.40	10.60
Revco Drug	RDS	24.38	23.63	24.13	.25	1.05	32.88	22.50	-.08	-.39	-2.23	-16.76	2.54	-.45 N	-18.6	17.0	4.2	12.2	.80	3.3	02-26-85	2227.5	93.4	2.1	1.08	12.22
Rite Aid Corp	RAD	30.00	27.00	29.38	1.63	5.86	33.50	18.25	-.24	.10	-2.31	19.86	1.69	.22 F	15.0	11.0	5.4	17.4	.50	1.7	04-09-85	1297.1	69.9	2.3	.49	7.68
Thrifty Cp	TFD	20.50	19.00	20.38	1.13	5.84	22.88	14.00	-.14	-.24	-.05	14.85	1.40	.24 S	18.8	21.0	2.1	13.4	.60	2.9	05-06-85	1299.3	27.9	1.5	4.46	7.72
Walgreen Co	WAG	27.25	24.50	27.25	2.31	9.27	27.31	14.31	-.05	.02	-.18	-6.94	1.39	.20 S	15.5	31.0	3.1	18.3	.44	1.6	05-14-85	2744.6	85.4	1.7	.87	6.76
Wholesaler's transactions																										
Bergen Bruns	BBCA	28.13	25.63	27.88	1.38	5.19	28.50	19.00	.31	-.82	-4.63	-34.19	1.57	.05 S	2.9	24.0	1.2	15.7	.32	1.1	04-25-85	1703.4	19.7	1.6	1.08	11.11
Cardinal Distrb	CDIC	18.25	17.00	17.00	-.50	-2.86	18.50	10.91	-.14	-1.97	-4.53	-46.91	.92	.11 N	12.5	NC	1.1	17.2	.06	.4	03-26-85	243.3	2.6	1.8	.92	5.91
Durr Fillauer	DUFM	16.88	15.50	16.88	1.13	7.14	16.88	10.25	.62	-.54	1.74	-11.90	.92	.18 Q	22.5	21.0	1.7	17.2	.18	1.1	05-20-85	341.7	5.8	2.3	1.52	7.56
McKesson Cp	MCK	44.50	42.00	44.25	1.00	2.31	45.25	32.38	-.14	.01	3.19	-16.71	3.78	-.42 N	-10.7	-1.0	1.6	12.6	2.40	5.4	02-25-85	4260.0	68.7	1.4	10.45	30.25
Ketchum	KCH	17.50	15.00	16.00	1.25	8.47	17.50	10.09	.27	-1.34	2.32	1.82	.77	-.46 N	-49.5	100.0	.3	34.0	.00	.0	09-24-84	245.1	.8	1.5	6.37	6.74
Owens & Minor	OBOD	20.75	18.75	20.00	1.00	5.26	20.75	11.25	.64	-1.85	1.32	-40.11	1.43	.17 Q	12.3	49.0	1.2	12.9	.40	2.0	03-11-85	306.7	3.6	3.0	8.02	12.81
Spectro Indus	SPO	20.13	19.88	20.00	.13	.63	20.38	9.38	.04	-.59	-11.82	-92.11	.89	.36 N	46.2	53.0	1.8	17.5	.09	.5	03-29-85	395.4	7.2	1.7	1.23	4.44
Manufacturer's transactions																										
Abbott Labs	ABT	54.38	51.25	54.13	2.88	5.61	54.38	36.75	.04	.14	-1.42	-14.32	3.34	.49 Q	16.5	26.0	13.0	15.6	1.40	2.6	04-09-85	3104.0	402.6	1.9	3.91	13.33
Am Home Prod	AHP	63.75	58.13	62.63	3.50	5.92	63.75	46.75	-.02	-.32	-.43	-12.85	4.39	.35 Q	8.5	15.0	15.1	14.0	2.90	4.6	05-07-85	4485.5	675.6	3.4	.26	13.74
Baxter Travenol	BAX	15.50	14.50	15.13	.25	1.68	18.13	11.75	-.33	-.90	-1.04	.77	1.03	-.39 Q	-26.9	6.0	8.1	14.3	.37	2.4	03-13-85	1800.4	145.1	1.6	1.46	7.83
Block Drugs Co	BLOCA	31.50	30.50	31.50	1.00	3.28	31.50	24.28	.02	-.31	-1.42	-31.54	3.18	.26 N	8.4	14.0	10.0	9.4	1.00	3.2	02-25-85	238.2	23.9	2.3	2.34	20.08
Bolar Pharm	BLR	45.25	39.75	41.00	-.75	-1.80	45.25	22.50	.29	-2.89	5.29	27.04	1.22	.07 F	6.1	47.0	18.2	33.6	.05	.1	02-08-85	29.1	5.3	7.5	.00	7.41
Bristol-Myers	BMY	61.38	57.75	61.13	3.38	5.84	61.38	43.13	.14	.09	2.22	-17.01	3.45	.42 Q	13.4	20.0	11.3	17.2	1.88	3.1	03-29-85	4189.4	472.4	2.5	.75	15.63
Carter-Wallace	CAR	35.88	32.13	35.75	3.25	10.00	35.88	19.38	.25	.39	1.62	-24.39	2.66	.29 F	12.2	34.0	5.9	13.4	.52	1.5	04-12-85	348.8	20.7	2.4	1.69	21.87
Cooper Labs	COO	15.63	14.38	14.50	-.63	-4.13	27.00	12.50	-.15	-1.20	-1.73	-16.59	-.12	-.90 Q	-100.0	NC	-1.3	NE	.00	.0	03-12-84	155.9	-2.0	1.6	.61	11.81
Forest Labs	FRX	27.00	18.75	26.88	7.50	38.71	27.00	11.25	.90	3.64	7.83	9.31	.73	.19 F	35.2	21.0	16.3	36.8	.00	.0	01-14-83	25.8	4.2	8.3	.28	5.42
ICN Pharm	ICN	10.38	9.50	9.88	.25	2.60	11.63	6.38	-.44	-1.55	-1.80	9.19	.00	-.22 F	-100.0	40.0	1.6	NC	.00	.0	00-00-00	44.8	.7	3.0	2.43	4.50
Key Pharm	KPH	10.38	8.88	10.25	1.13	12.33	17.13	8.00	-.14	1.60	2.13	8.65	.61	.06 Q	10.9	63.0	14.6	16.8	.20	2.0	03-11-85	151.1	22.1	2.1	1.16	1.67
Lilly Eli Co	LLY	82.25	77.13	82.00	4.63	5.98	82.25	53.00	-.02	.35	-2.06	3.47	6.73	.60 F	9.8	12.0	15.8	12.2	3.20	3.9	05-09-85	3109.2	490.2	1.7	1.63	31.04
Lee Pharm	LPH	6.38	5.75	6.38	.00	.00	9.63	2.13	-.15	1.12	-.66	-14.95	.13	.58 S	NE	16.0	6.2	26.6	.00	.0	00-00-00	8.1	.5	3.0	.20	1.73
Marion Labs	MKC	38.50	32.50	36.25	3.50	10.69	38.50	15.75	.92	-.92	.10	-.23	.62	.29 N	51.8	60.0	10.6	42.6	.28	.8	06-14-85	226.4	24.1	2.4	.02	3.52
Merck & Co	MRK	106.38	98.25	106.25	6.13	6.12	106.38	78.25	-.10	-.11	1.67	3.54	6.71	.60 Q	9.6	7.0	13.8	15.5	3.20	3.0	02-28-85	3559.7	493.0	2.0	2.48	35.29
Morton Thiokol	MTI	35.50	30.38	34.63	4.00	13.06	35.50	23.81	.21	.60	-1.66	-19.99	2.16	1.89 N	93.1	45.0	5.5	8.8	.64	1.8	05-24-85	2001.5	109.8	1.5	2.94	12.50
Mylan Labs	MYLN	24.13	21.00	24.13	3.00	14.20	24.13	6.56	.13	-.18	.74	.05	.52	.32 F	160.0	108.0	23.3	46.4	.05	.2	02-19-85	53.6	12.5	5.4	.10	.76
Newport Pharm	NWPH	12.00	8.00	9.63	1.63	20.31	12.00	2.75	1.32	-3.90	4.97	-5.74	-.21	.17 N	NE	-10.0	-26.0	NM	.80	8.3	05-23-85	7.7	-2.0	2.6	.22	.93
Pfizer Inc	PFE	49.88	44.50	49.63	4.75	10.59	49.88	29.38	.33	.50	.83	6.07	3.08	.38 Q	13.5	22.0	13.2	15.5	1.48	3.0	05-20-85	3854.5	507.9	2.3	2.10	15.45
Reid Prov Labs	REID	5.13	4.00	5.13	.63	13.89	5.25	2.75	-.07	2.90	5.01	22.37	.12	-.08 N	-40.0	87.0	6.7	42.7	.04	.8	12-10-84	13.4	.9	3.1	.02	.92
Robins, AH	RAH	20.38	17.50	20.13	1.63	8.78	24.38	12.00	-.31	1.50	-2.29	19.41	-18.44	-20.58 Q	-100.0	-86.0	-73.0	NE	.00	.0	11-19-84	631.9	-461.6	1.7	.47	-5.23
Rorer Group	ROR	31.50	28.63	30.50	1.25	4.27	34.13	24.00	-.41	-.63	-6.11	24.01	2.08	.00 Q	.0	6.0	8.5	14.7	1.12	3.7	05-06-85	522.1	44.3	1.9	2.18	11.07
Scherer RP Co	SCHC	12.38	10.25	11.50	1.13	10.84	12.38	8.63	.24	-2.80	1.16	9.51	.52	-.88 N	-100.0	-11.0	2.3	NE	.32	2.8	03-13-85	171.7	4.0	1.9	4.83	11.14
Searle, GD	SRL	54.63	49.75	54.63	5.13	10.35	65.50	39.00	-.11	.66	-1.58	13.57	3.24	.22 Q	6.9	18.0	13.0	15.9	1.00	1.8	05-07-85	1245.8	161.6	2.4	3.62	14.85
Squibb Corp	SQB	64.38	57.38	64.38	6.88	11.96	64.38	37.50	.32	.33	1.92	-30.97	3.68	.41 Q	12.2	22.0	10.5	17.1	1.76	2.7	05-13-85	1886.0	197.2	2.3	3.74	24.87
Sterling Drug	STY	32.25	30.00	31.38	-.75	-2.33	33.50	23.75	-.02	.12	2.57	1.80	2.37	.14 Q	6.2	5.0	7.8	13.0	1.20	3.8	04-30-85	1827.3	143.4	2.6	1.32	15.34
Syntex Corp	SYN	64.38	57.50	64.25	7.13	12.47	64.38	38.75	.25	.69	6.61	17.21	4.08	-.42 S	-9.5	20.0	14.7	16.0	1.92	3.0	05-13-85	916.5	134.6	2.1	5.36	18.81
Thompson Med	TM	14.50	13.38	14.00	.00	.00	26.50	13.25	-.25	-.68	-1.36	-15.44	2.20	-.08 Q	-4.5	42.0	10.8	7.4	.40	2.9	03-25-85	197.2	21.2	4.3	.00	7.09
Upjohn Co	UPJ	99.63	88.75	98.13	8.38	9.33	99.63	45.00	.69	-.23	3.12	-4.86	5.67	-.69 Q	-11.7	.0	8.0	18.8	2.56	2.6	04-01-85	2179.1	173.3	1.7	12.47	37.00
Warner-Lambrt	WLA	40.50	36.63	40.25	2.25	5.92	40.50	28.75	-.04	.00	3.04	22.32	2.81	.28 Q	10.7	7.0	7.1	13.9	1.48	3.7	05-06-85	3169.7	223.9	1.7	6.47	18.18
Zenith Labs	ZEN	45.25	37.00	44.75	7.25	19.33	45.25	8.00	2.06	-.94	6.25	-1.48	.56	.52 Q	120.9	117.0	7.7	47.1	.00	.0	03-13-85	37.5	2.9	2.6	.55	3.97

All data is based on sources believed to be reliable, but its accuracy is not guaranteed. Every effort will be made to correct errors, when discovered, in future issues.

Footnotes:

NA - Not Applicable
NC - Not Calculable
NE - Negative Earnings
NM - No Meaningful Figure
Q - First Quarter
S - First 6 Months
N - First 9 Months
F - Fiscal Year

Data and Table Prepared by Media General Financial Services, Inc., Richmond, Virginia 23219

Checkstand merchandising study

Thayer photoCare
HOME CENTER
PHOTO CENTER
Dart's Got it!
FILM
CLOSING IN ON CANCER

Chains make cents at the checkstand

Every chain merchandises it differently, but the philosophy of checkstand merchandising remains relatively constant; position high-impulse, high-turn products at the most heavily trafficked location in the store—the location that gives the retailer one last shot at the customer before he leaves—and keep price points at a level that promotes shopper impulse.

That being said, there is a tremendous variety of ways that chains handle what Don Gross of Genovese Drug calls the most valuable piece of real estate in the store.

Drug Store News in its first in-depth look at how chains manage their checkouts found a world of differences among them, and some very obvious similarities.

Among the similarities: the main categories chains chose to feature at the checkout did not vary much from company to company. Candy/gum remained the clear winner, followed by cigarettes, film, batteries, nail clippers, lip balms, magazines, razor blades, cigarette lighters and pens. But there were some creative variations and intriguing products that turned up at some retailers' checkout counters.

Fay's Drugs, for example, uses 3 out of 4 ends at its central checkout for highly consumable, seasonal merchandise. Right now these might include, according to chain president Dan Herrmann, pinwheels of other summer impulse toys.

Fay's doesn't use a strict planogram for the ends, Herrmann says, but instead uses "standards of presentation," or a suggested way to set a fixture. Managers are allowed leeway to make changes if they could make a good case for them. The fourth end is always used for batteries. "It's one of the best impulse items out there," says Herrmann.

At Valco Drug in California, Jim Belka, sales promotion and merchandise manager, has found an effective checkstand profit maker in airline size bottles of liquor. (Not possible, of course, in a lot of states.) Valco stores dump 100 to 150 of the 50ml bottles in a basket, with 15 or 20 varieties (straight bourbon to fancy liquors). "People buy them for coffee breaks and lunch breaks and the liquors are bought because some recipes call for them. The nice part is that we work on 100%-150% gross margins."

Belka says he won't display any item at the checkstand unless it carries a margin of at least 20% because he considers checkstands to be prime display space.

But significantly, profit was not the strongest motive cited by respondents to *Drug Store News*'s survey when they were asked to list reasons for selecting a product for checkout merchandising. Profitability was, however, implied in the main reasons they cited.

Continued on page 18

Exploiting the value of the checkstand

Facts about chain drug checkouts

• Average number of registers per checkout area:	4.5
• Checkstand sales as percentage of total store:	2.8%
• % of chain respondents who vary merchandise from checkout counter to checkout counter:	64%
• % of chains who cross-merchandise checkstand items in other store areas:	73%
• % of chains who have one buyer solely responsible for main checkout area:	14%

Source: *Drug Store News survey*

Continued from page 17

For example, when asked to indicate the biggest factor in their choice of products 60% spontaneously mentioned "impulse appeal." Turnover came next, cited by 33% of the survey respondents. Profitability was mentioned by only 17%.

Less important considerations for checkout selection were security, cited by 10%, tradition (10%) and price/value (10%).

But a somewhat different picture emerged when survey participants were prompted with a list of factors and asked to rate them in importance. "Impulse purchase appeal" remained the key criterion, selected as very/somewhat important by 93% of those interviewed. Equally important was "broad consumer appeal and inventory turned."

But gross margin, the basic yardstick of profitability, scored much higher when respondents were prompted with a list than when they were asked to cite factors spontaneously. Seventy-seven per cent of them said gross margin was very/somewhat important. Other factors that elicited relatively high scores were "risk of theft" (67%) and "sales per square foot" (63%).

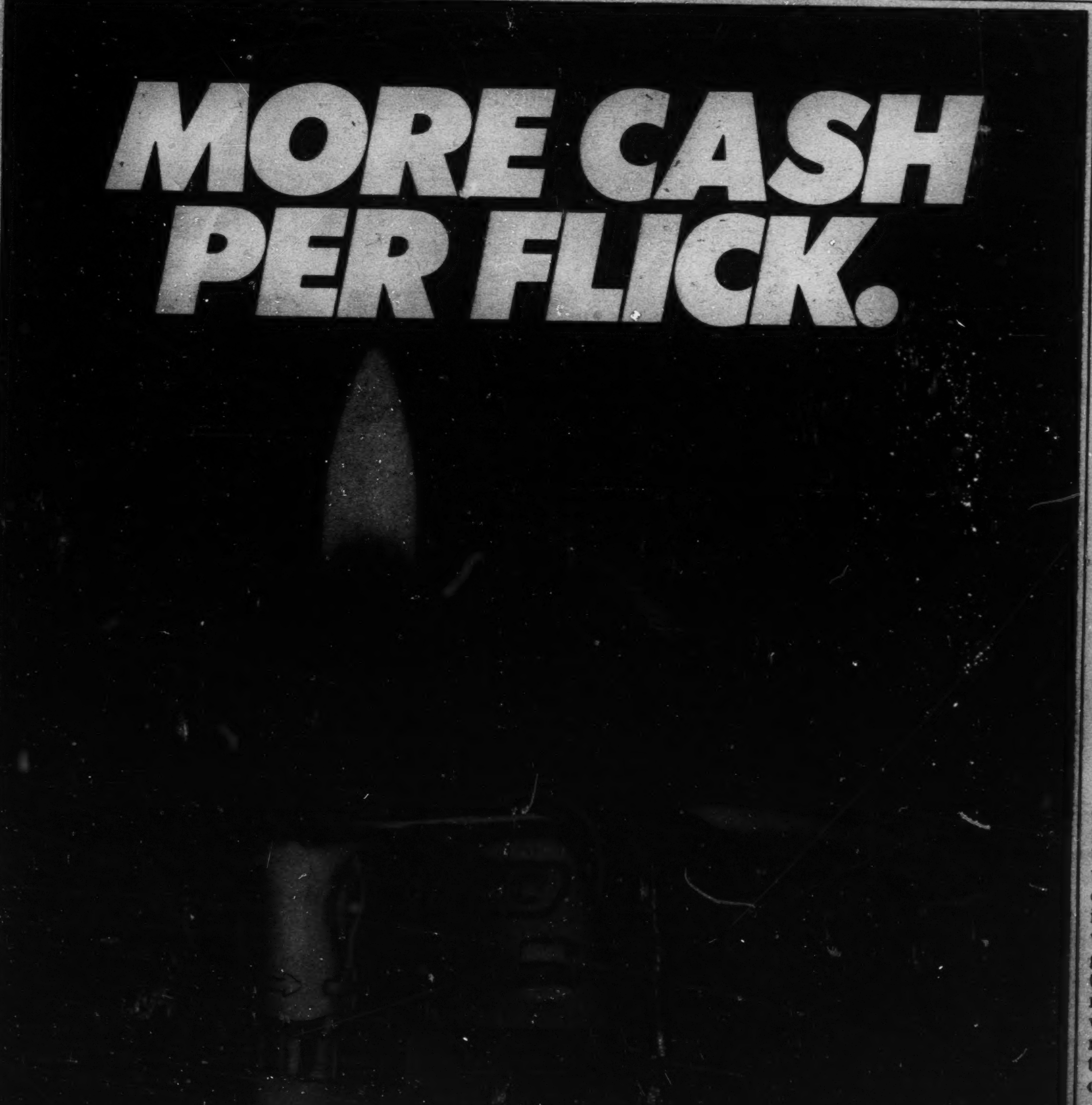
Less important in the execs' estimation were such factors as small size of the product, cited as very/somewhat important by half of the respondents; display allowances (43%); low ticket price (37%); availability of manufacturer displays (33%), and manufacturer service (13%).

Among the product categories rated in terms of gross profit dollars generated, candy/gum led by a wide margin. Respondents were asked to list their five most profitable checkout categories in order. The most profitable item on each list was designated with a five, the second with a four and so on. On that basis, candy/gum received an average profitability of 3.2. The next two most profitable categories were batteries and cigarettes each received an average profitability rating of 1.9. Film was the only other category to get more than a one rating (1.2), but the relatively low ratings of all major categories was more the result of a dominance by the top category than lack of profitability of the others.

Candy/gum, cigarettes, batteries and film turned up on so many of the lists with high marks that it didn't leave much for all the remaining categories. Others that received at least some mention were razor blades, sunglasses, cigarette lighters, health & beauty aids trial sizes, pens, snacks, lip balms, diet aids, games and nail clippers.

Not all of those categories

Continued on page 21



What are you going to hand the customer who comes in looking for a lighter?

Some brand he's never heard of?

Or a BIC lighter.

You probably know that BIC is a name your customers trust.

That BIC is the only big name lighter with an adjustable flame.

And that BIC advertises nationally to your customers.

But you may not know that BIC offers one of the most generous profit margins in the industry.

Or that BIC turns over 2 to 3 times faster than the nearest competitor.

So why not choose BIC?

Because when you sell more of a lighter, you make more of a profit.

BIC

Checkstand merchandising study

Exploiting the value of the checkstand

Continued from page 18

are carried by every chain, of course, so the study took a look at how profitable respondents consider items that they do carry. Looked at in this way, candy/gum maintained its lead among the profit generators, but the relative profit performance of the remaining categories was altered.

Sunglasses, diet aids and H&BA trial sizes all received much higher profit marks after this adjustment was made.

Manufacturer displays might not be among the prime reasons chains select products for the checkout, but they are heavily used as an easy and effective way to display promotional merchandise attractively when space is available.

The availability of space is a key consideration. Many chains try to keep a clean look at the checkout. Clutter is avoided, sometimes to the point that there is very little of the high impulse merchandise left to entice the shopper as she stands in line waiting to get checked out.

Years ago, for example, Pay 'n Save reacted to the clutter by removing all merchandise in the checkstand. But then they realized they were losing a lot of impulse sales. So they brought some merchandise back, sparingly, and tried to keep it from reaching the clutter stage.

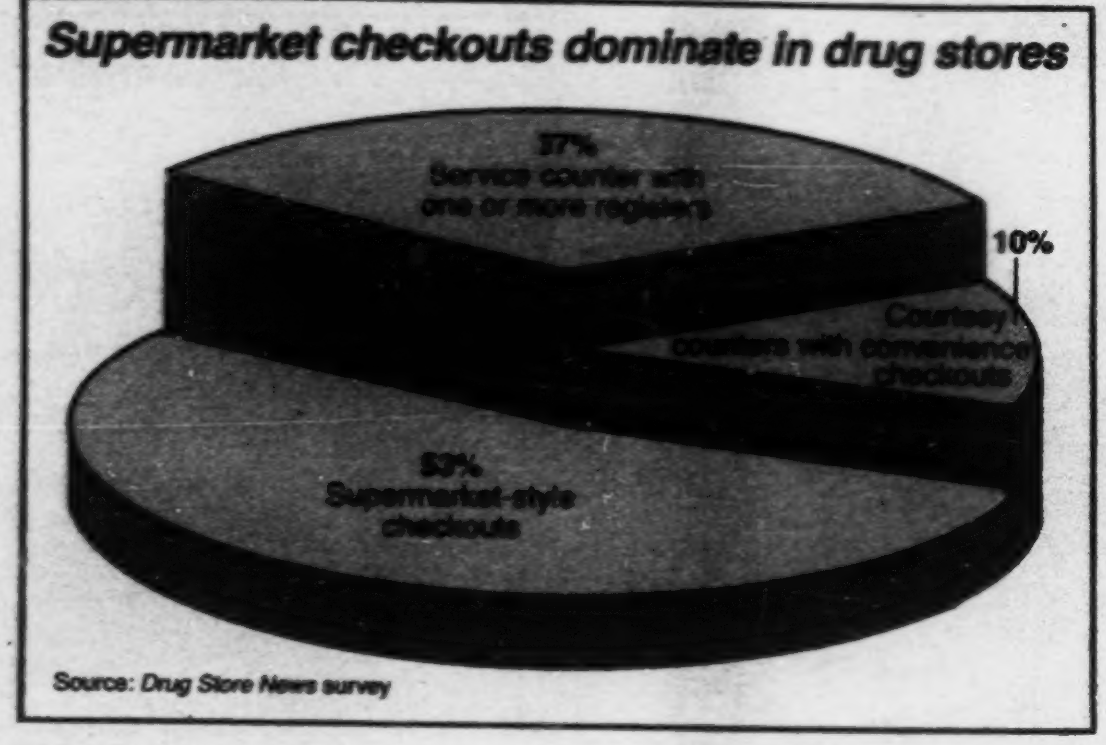
At Genovese, they are trying to *increase* the amount of merchandise carried at checkout counters. The chain is experimenting with a three-sided supermarket style fixture that Don Gross says will double the available space. The extra space might allow, for example, a second home for film.

Buyers rank most profitable categories

1. Candy/gum
2. Batteries
3. Cigarettes
4. Sunglasses
5. Film
6. Magazines
7. Novelties
8. Diet aids
9. H&BA trial sizes
10. Games
11. Razors/blades
12. Cigarette lighters
13. Snack items
14. Pens
15. Lip balms

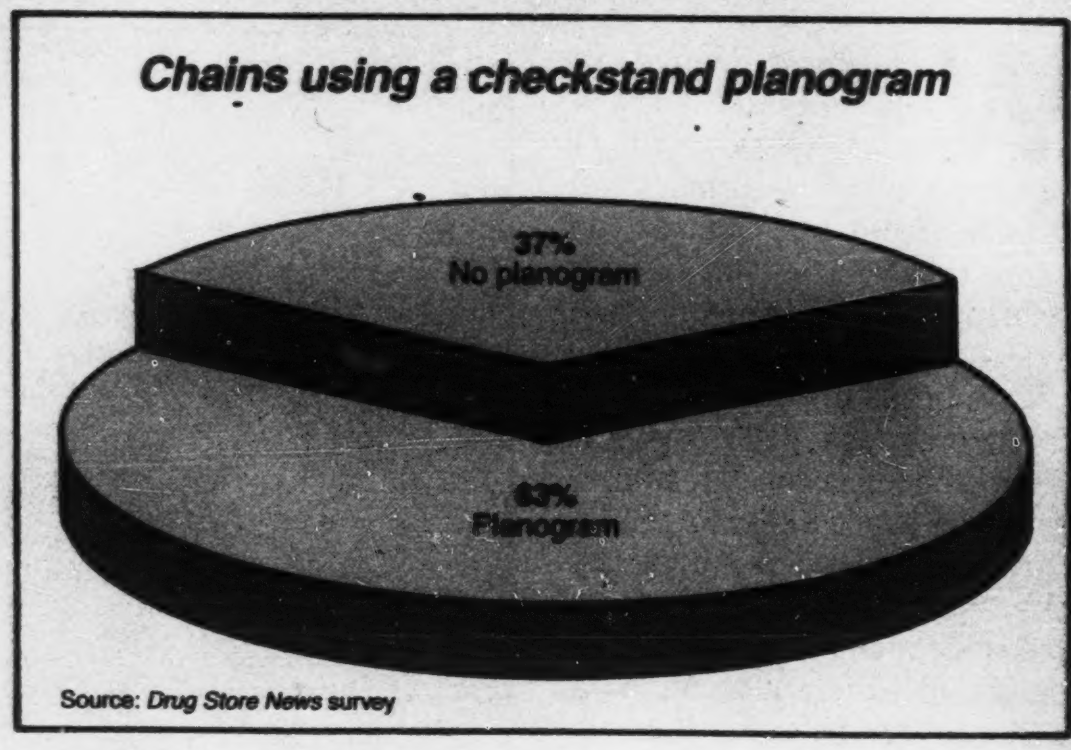
*Based on total gross profit dollars
Source: *Drug Store News* survey

Read Classified Ads!



Supermarket checkouts dominate in drug stores

Source: *Drug Store News* survey



Chains using a checkstand planogram

Source: *Drug Store News* survey

Are your
PROFITS
LOST IN SPACE?
WE CAN MANAGE IT.

Gross Profit Story.
Properly merchandised TRIM® products can produce profits which exceed other product categories traditionally found in retail drug stores:

Traditional Profits	
TRIM® Manicuring Implements	66%
Prescriptions	40%
General Merchandise	45%
Housewares	45%
Stationery	45%
D.I.Y.	45%
Cosmetics	40%
Toys	40%
Photo	35%
Drugs/Proprietaries	30%
Toiletries	30%
Candy	30%

Source: Drug Store News

New Consumer Packaging.
TRIM® created a totally new look for its blister pack pegged line of manicure implements. The traditional TRIM® colors have been maintained for consumer recognition. However, the new and exciting graphics will communicate the TRIM® quality and craftsmanship story. Easy to follow instructions on the back of the package assist the consumer in selecting the proper implement.

Space Management Program.
A recent W. E. Bassett study revealed that this program can produce $486.00 gross profits per square foot of pegged wall space. (Total space required: 3.5 square feet.)

This innovative space management program has been developed to maximize store profits and stimulate multiple purchases. A handy consumer information book will explain the do's and don'ts of manicuring. This guide will help consumers select the *right* products at point of purchase. Our very unique display concept will assist retailers in properly managing their valuable pegboard space as well as increase the turnover of items in this product category.

	Annual Turns		
TRIM®	8.8		
Prescriptions	6.5	Cosmetics	2.2
General Merch.	5.0	Toys	4.0
Housewares	3.0	Drugs	5.0
Stationery	4.5	Toiletries	5.0
D.I.Y.	3.0	Candy	5.5

Source: Drug Store News

Consumer Preference.
An independent consumer survey indicates that consumers prefer the TRIM® line of manicuring implements over the competition. This preference is based upon product performance, quality and the attractive packaging graphics. These same consumers commented that when they purchased lower priced promotional implements, they were disappointed in product performance. There was a very high level of repurchase intent by these same consumers of other TRIM® products because of previous product performance experiences.

The Good Housekeeping Seal of Approval and the lifetime guarantee provided with TRIM® products are two major reasons for purchasing TRIM® manicuring implements. *Source: Independent Research Firm*

Your TRIM® sales representative looks forward to showing you how the TRIM® space management program will increase your sales profits and produce incremental sales through proper management of your manicure implement department.

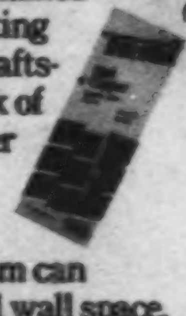
Don't let your profits get lost in space!

The W.E. Bassett Company
Derby, Connecticut 06418

TRIM®
Precision Manicuring Implements

TRIM
Nail Care Center

(Total space required: 3.5 square feet.)



Checkstand merchandising study

High performance marks checkstand regulars

While most drug store checkstands carry a wide assortment of products, all of the items found in the front-end share the same three basic characteristics: high impulse appeal, good gross margins and fast turns.

Competition among manufacturers of the widely sought front-end location is fierce, even for those seeking only a three- to four-week run on the checkstand. However, a number of product categories have managed to win a permanent home in the drug store checkstand. These high-performing front-end items include the following:

Candy/gum

The candy and gum assortment at the checkstand varies from chain to chain. Nearly every drug store features a rack at the checkout for gum and mints. However, an increasing number of drug chains are bringing single size candy bars into checkout locations.

Studies such as the Popai/Du Pont Drug Store Shopper Study revealed that candy bars are among the most frequently purchased impulse items in drug stores. Moreover, buyers point out that candy bars, which typically generate profit margins of 35% and turn at a rate of more than 10 times a year, deliver some of the highest return on inventory investments of any checkstand item.

The checkout configuration frequently dictates how much room a chain can provide for the candy section. Generally, chains with a front-end counter checkout configuration can allocate more space to single-size candy.

Many Eckerd and Rea and Derick stores, for instance, merchandise candy bars and gum alongside the checkout counter on angled shelves.

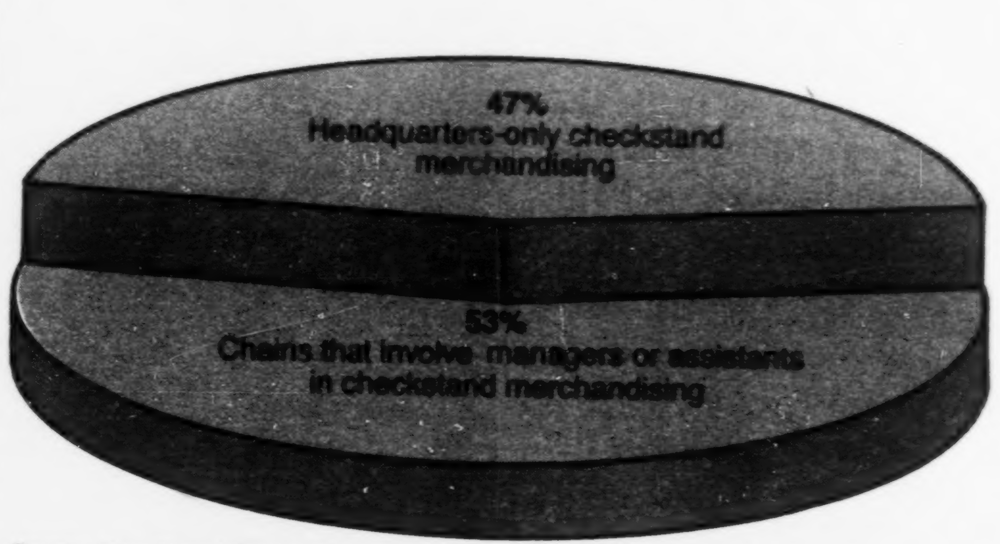
In some of the Los Angeles-based Thrifty drug stores, candy is merchandised vertically along with gum at the end of the checkstand counter. Industry studies have revealed that when candy and gum are merchandised vertically on a display rack, as opposed to horizontally with gum at one level and candy at another, the consumer tends to scan the entire rack and is more likely to make a multiple purchase.

While many chains merchandise candy at the checkstand, there are still some that have kept single candy bars in-line with bagged and boxed candy. One chain exec noted, "We can sell as much candy in-line as we could by the checkout."

However, there seems to be

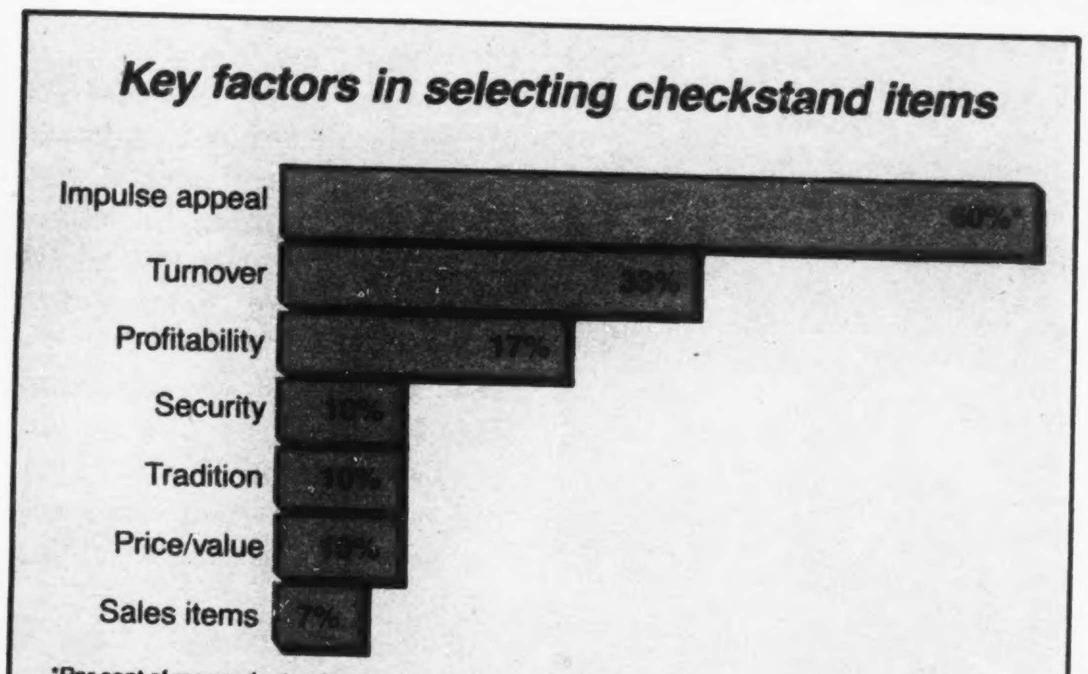
Continued on page 23

Merchandising involvement



Source: *Drug Store News* survey

Checkstand categories



*Per cent of respondents who mentioned these criteria.
Source: *Drug Store News* survey

Continued from page 21

a move afoot among more chains to cross merchandise some of the best-selling single candy bars in the front-end checkout area to take better advantage of impulse sales.

In contrast to candy bars, most drug retailers agree that gum and mints belong at the checkstand. In addition to producing margins that range from 40% to 43%, gum and mints turn more than eight times annually. Retailers also point out that manufacturers such as the William Wrigley Co. have been extremely flexible in designing display fixtures that can carry a variety of other merchandise.

At Peoples Drug Stores, for instance, the chain uses a Wrigley countertop display fixture to merchandise high-margin items such as key chains, nail clippers and combs.

In addition to checkstand locations, a number of chains have begun merchandising multipacks of chewing gum on endcaps directly across from the checkout.

Tobacco and accessories

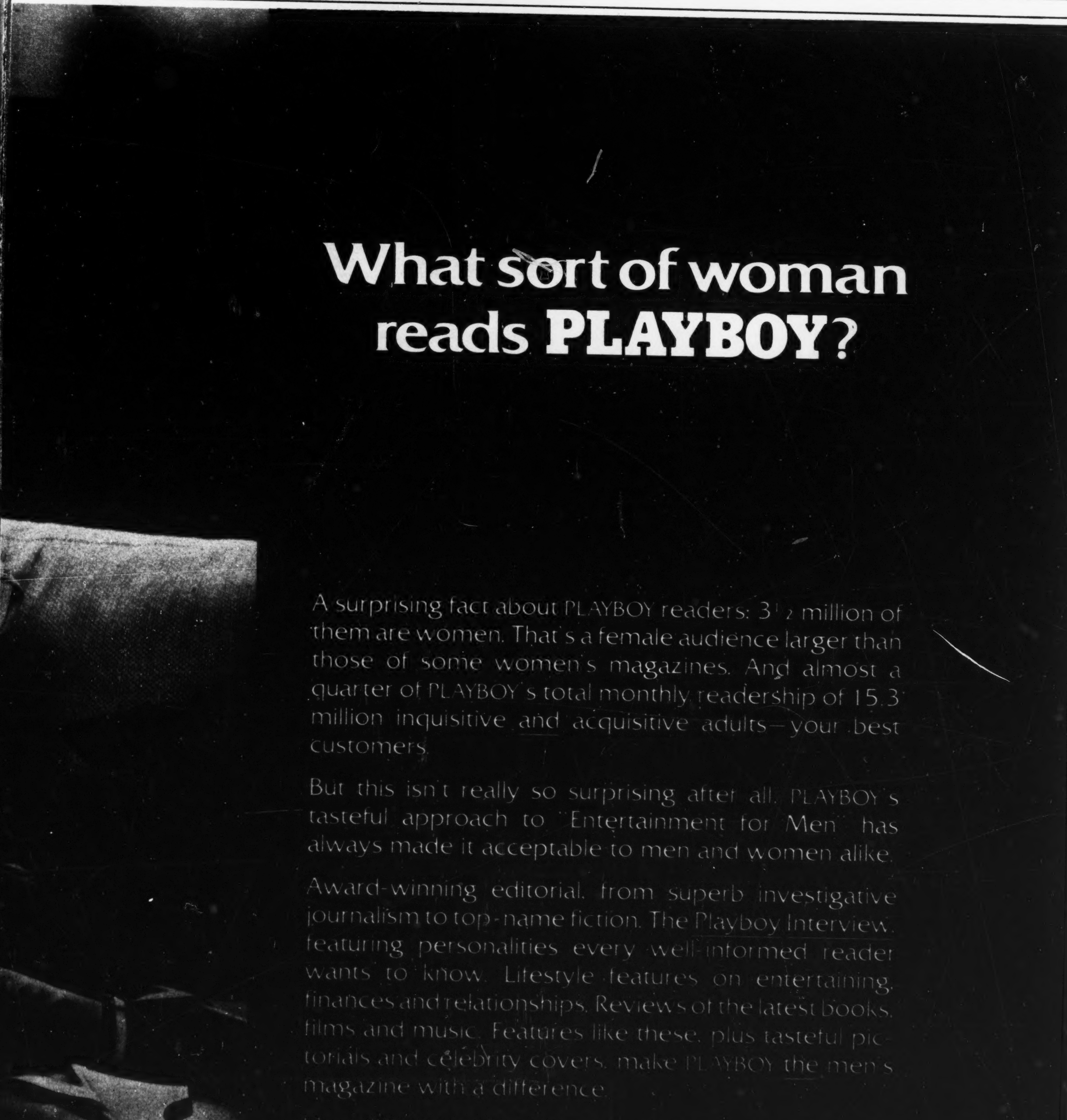
Only candy and gum are merchandised more frequently at the checkout area than cigarettes, according to a report compiled by Lebhar-Friedman Research. The survey revealed that 77% of the chains regularly merchandise cigarettes at the main checkout area.

Unlike many other front-end products, cigarettes are more of a planned purchase than an impulse buy. However, convenience is a key factor in placing cigarettes in the front-end. Drug stores have built a reputation among cigarette consumers as a primary retail outlet where they can purchase a pack of cigarettes at a good price and as quickly as possible.

As with most other checkstand categories, the size of

Continued on page 24

STORE HOURS


What sort of woman reads **PLAYBOY**?

A surprising fact about PLAYBOY readers: 3½ million of them are women. That's a female audience larger than those of some women's magazines. And almost a quarter of PLAYBOY's total monthly readership of 15.3 million inquisitive and acquisitive adults—your best customers.

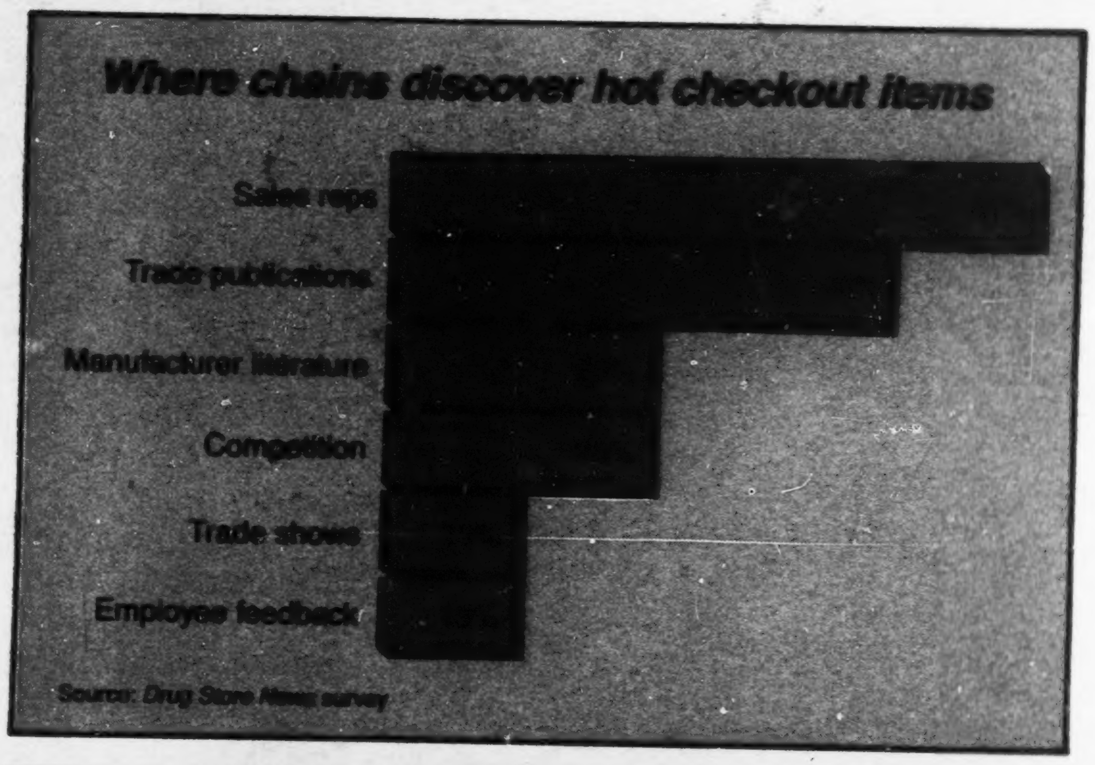
But this isn't really so surprising after all. PLAYBOY's tasteful approach to "Entertainment for Men" has always made it acceptable to men and women alike.

Award-winning editorial, from superb investigative journalism to top-name fiction. The Playboy Interview, featuring personalities every well-informed reader wants to know. Lifestyle features on entertaining, finances and relationships. Reviews of the latest books, films and music. Features like these, plus tasteful pictorials and celebrity covers, make PLAYBOY the men's magazine with a difference.

It's a difference that lets you sell and display PLAYBOY openly and proudly. Always.

Checkstand merchandising study

High performance marks checkstand regulars



Source: *Drug Store News survey*

Continued from page 23

the store and front-end frequently determines how a chain will merchandise cigarettes. A number of chains such as Adams Drug and Rix have opted for gravity feed displays. Other chains such as the New York-based Duane Reade allocate a major portion of the back wall of the checkout counter, which faces customers, for single-pack cigarettes.

Self-serve countertop displays also are an important part of the checkout mix. Although Dunaway Drug in Marietta, Ga., limits the number of self-serve cigarette displays usually to two in order to avoid cluttering the checkstand, Bill Wade, director of merchandising, notes that the display allowances provided by cigarette manufacturers make them hard to resist.

"With tobacco you get about 8% to 10% gross margins without taking any display allowances," Wade said. "With those displays you can make up to 25%."

In addition to cigarettes, chewing tobacco, cigars and tobacco accessories are also hot front-end movers, retailers report.

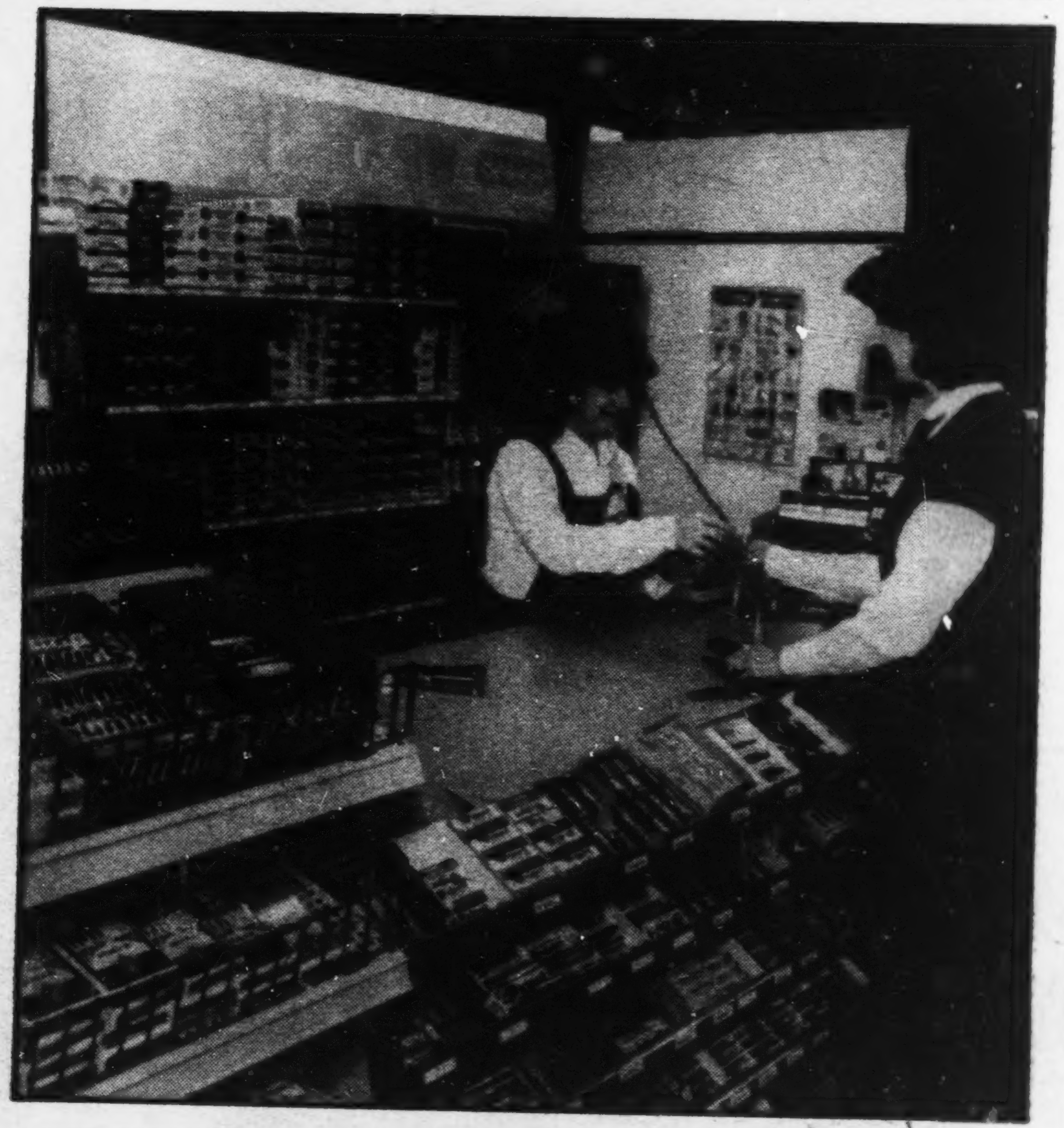
"Cigarette lighters are a perfect impulse item," said one buyer for a food/drug chain in the Southwest.

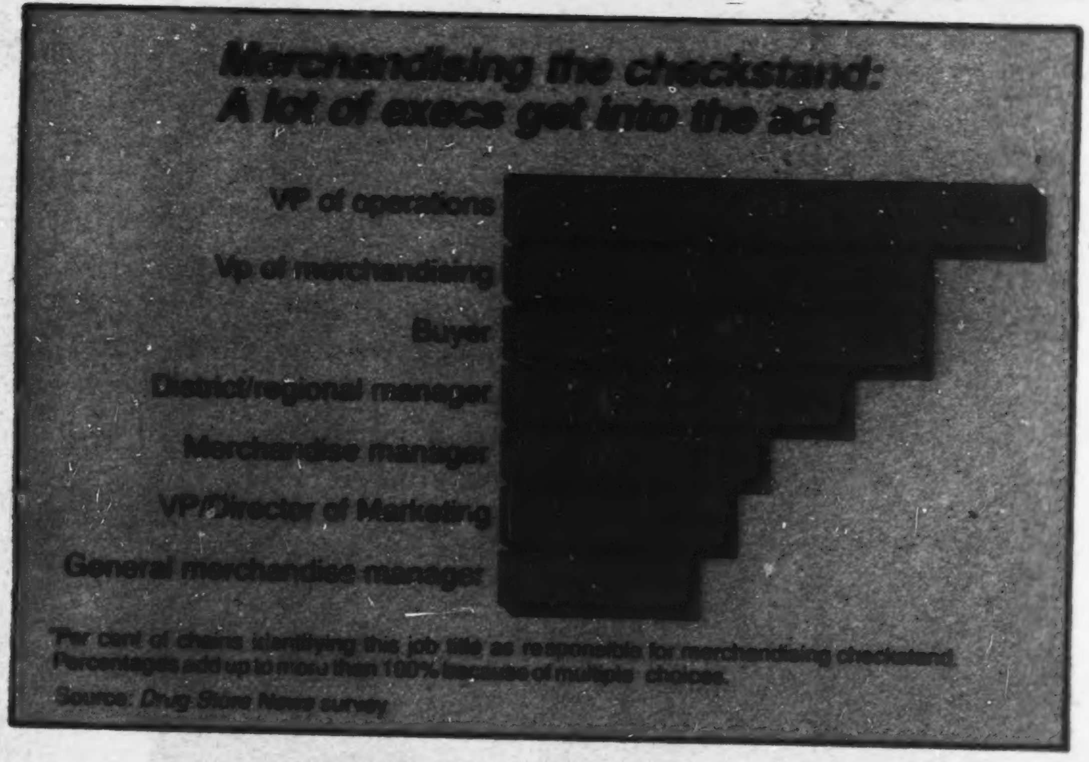
Disposable cigarette lighters are also one of the most versatile front-end items to merchandise. While a number of chains peg them on J-hooks adjacent to the cash register, other chains have achieved good sales results by merchandising disposable lighters in dump displays near the checkout.

Magazines and books

While not quite as generous as the display allowances provided by cigarette manufacturers, allowances for magazine racks near the checkout

Continued on page 26




Merchandising the checkstand:
A lot of execs get into the act
VP of operations
Vp of merchandising
Buyer
District/regional manager
Merchandise manager
VP/Director of Marketing
General merchandise manager

*Per cent of chains identifying this job title as responsible for merchandising checkstand. Percentages add up to more than 100% because of multiple choices.

Source: *Drug Store News survey*

The hottest categories

CANDY
Snickers
Milky Way
M&M Chocolate Peanut
M&M Chocolate Plain
Twix Caramel
3 Musketeers
Reese Peanut Butter Cups
Nestle Crunch
Mars Almond
Hershey Kit Kat
Hershey Almond
Hershey Milk Chocolate
Butterfingers
Necco Rolls
Almond Joy
Raisinets
Mr. Goodbar
York Peppermint Patties
Baby Ruth
Nestle with Almonds
Mounds
Fifth Avenue Bars
Hershey Almond Big Blcok
Reese's Pieces
Goobers
Tootsie Rolls
Charms 5 Flavors
Hershey Krackel
Life Savers
GUM
Wrigley Doublemint
Wrigley Spearmint
Wrigley Big Red
Freedent Peppermint
Dentyne
Chewels Cinnamon
Wrigley Big Red Plenty Pak
Bubble Yum Sugarless
Trident Cinnamon
Soft Bazooka Gum
Bubble Yum Regular
Chewels Spearmint
Bubble Yum Grape
BREATH MINTS
Tic Tacs
Certs Peppermint
Certs Cinnamon
Certs Wintergreen
Certs Sugar-Free
Velamints Peppermint
Certs 5 Flavors
Chickle Clorets
Certs Buttermint
Velamint Wintergreen
COUGH DROPS
Halls Menthol
Halls Honey-Lemon
Ludens Wild Cherry
BATTERIES
Duracell 2-AA
Eveready Energizer 2-AA
Duracell 2-D
Eveready Energizer 2-D
Duracell 2-C
Eveready Energizer 2-C
Duracell 9-volt
Eveready Energizer 9-volt
Duracell 4-AA
Eveready Energizer 4-AA
Duracell 2-AAA
Eveready Energizer 4-AAA
Rayovac Alkaline AA
Rayovac Alkaline D
Rayovac Alkaline C
SHAVERS
Bic Disposables 5's
Gillette Good News 3's
Gillette Atra Blades 5's
Bic Disposables 8's
Schick Disposables 5's
Gillette Good News 10's
Gillette Trac II 9's
Gillette Atra Blades 10's
Gillette Good News 5's
Schick Plus Platinum 5's
Gillette Swivel Disposables 2's
Wilkinson Chromium
LIP BALMS
Chapstick regular
Blistex
Chapstick Cherry
Chapstick Sunblock 15
Vaseline Lip Therapy
FILM
Kodak CL110-24
Kodak CP135-24
Kodak CM135-24
Kodak CP135-36
Kodak Disc single
Polaroid SX-70
Polaroid 600 Sun Film
Kodak Disc double
Kodak CM135-36
Kodak CL110-12
Kodak CL135-24
Kodak Instant PR10
Kodak VR 1000 CF135-24
MAGAZINES/NEWSPAPERS
TV Guide
People
Us
Soap Opera Digest
Woman's Day
Family Circle
National Enquirer
Star
Readers Digest
SUNGLASSES
Bonneau
Foster Grant
Visual Scene
Opti-Ray
Cool-Ray Optics
Polaroid
CIGARETTE LIGHTERS
Bic
Scripto
Gillette
Djeep
WRITING IMPLEMENTS
Bic
Paper-Mate
Pentel
Scripto
Sheaffer
Hi Lighter Yellow
WATCHES
Timex
Lorus
Casio
OTHER
Tobacco/cigarettes
Trim nail implements
Jewelry
Novelties
H&BA trial sizes
Toys/games
Playing cards
Pocket calculators

Checkstand merchandising study

Performance marks categories

Continued from page 24

are an important incentive for many retailers. David Ross, president of the Thayer Drugs in Stoughton, Mass., said the racks "work extremely well" and are a big boost to magazine sales.

Magazines and books are also a good impulse item. The Popai/Du Pont study revealed that magazine and book purchases made in drug stores are unplanned in nearly 50% of the cases. Most chains limit their magazine selection in the checkstand area to five to 10 mass-circulation publications, depending on the size of the rack.

Film and batteries

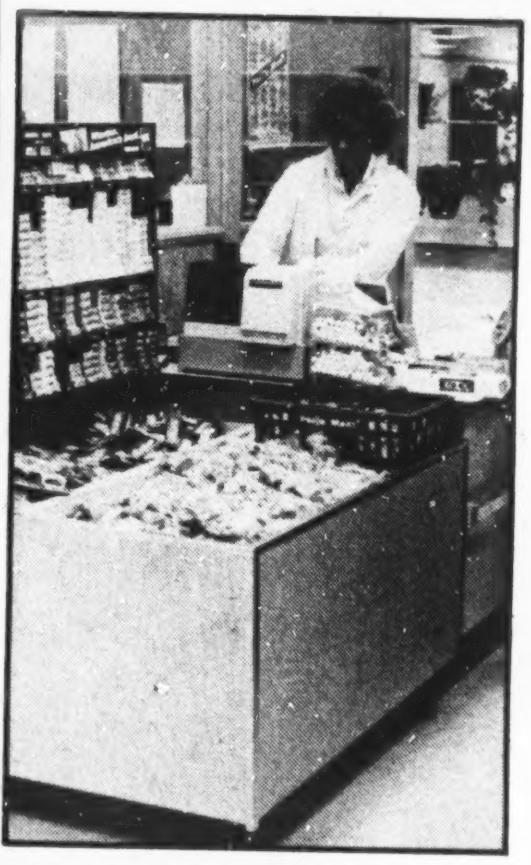
The Lebhar-Friedman Research report on checkstand merchandising revealed that a majority of the merchandise carried in the front end is available in other areas of the store. Seventy-three per cent of the respondents, in fact, said they cross merchandise front-end items in other areas of the store.

Few checkout products are cross merchandised as frequently as film and batteries. In addition to the photo department, the primary location for film and batteries, chains such as Adams Drug, Sav-On and Tom Thumb/Page are merchandising the best-selling sku's in both categories on self-service endcaps and/or in service locations at the checkstand.

Miscellaneous general merchandise

Both the inner core of the checkstand area and adjacent endcaps and freestanding displays are home to a number of

Continued on page 30

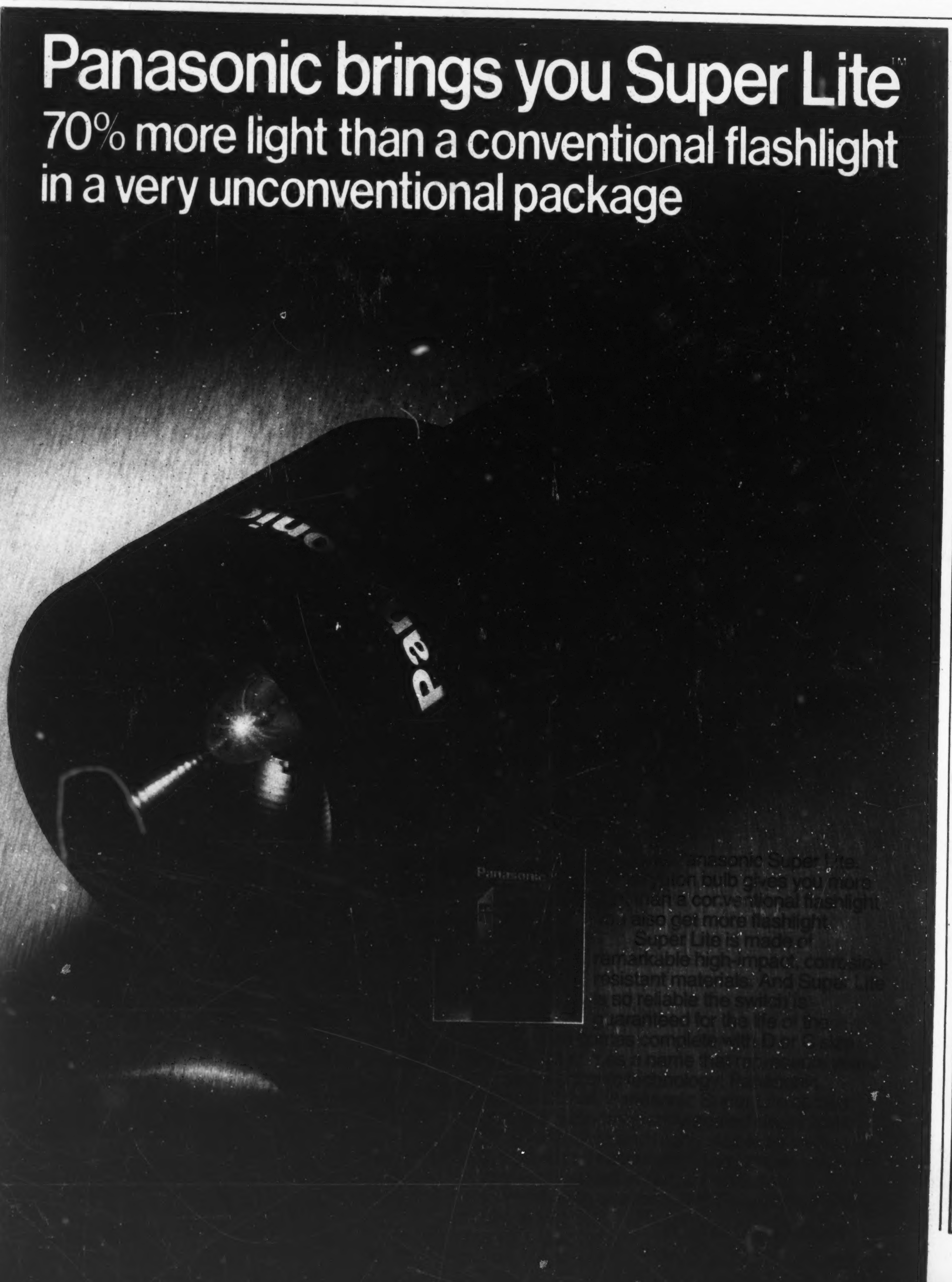


How study was done

This study is based on interviews of 30 merchandising and operations executives selected from among the top 100 drug chains.

The persons interviewed are directly involved in merchandising the main checkout areas for their companies.

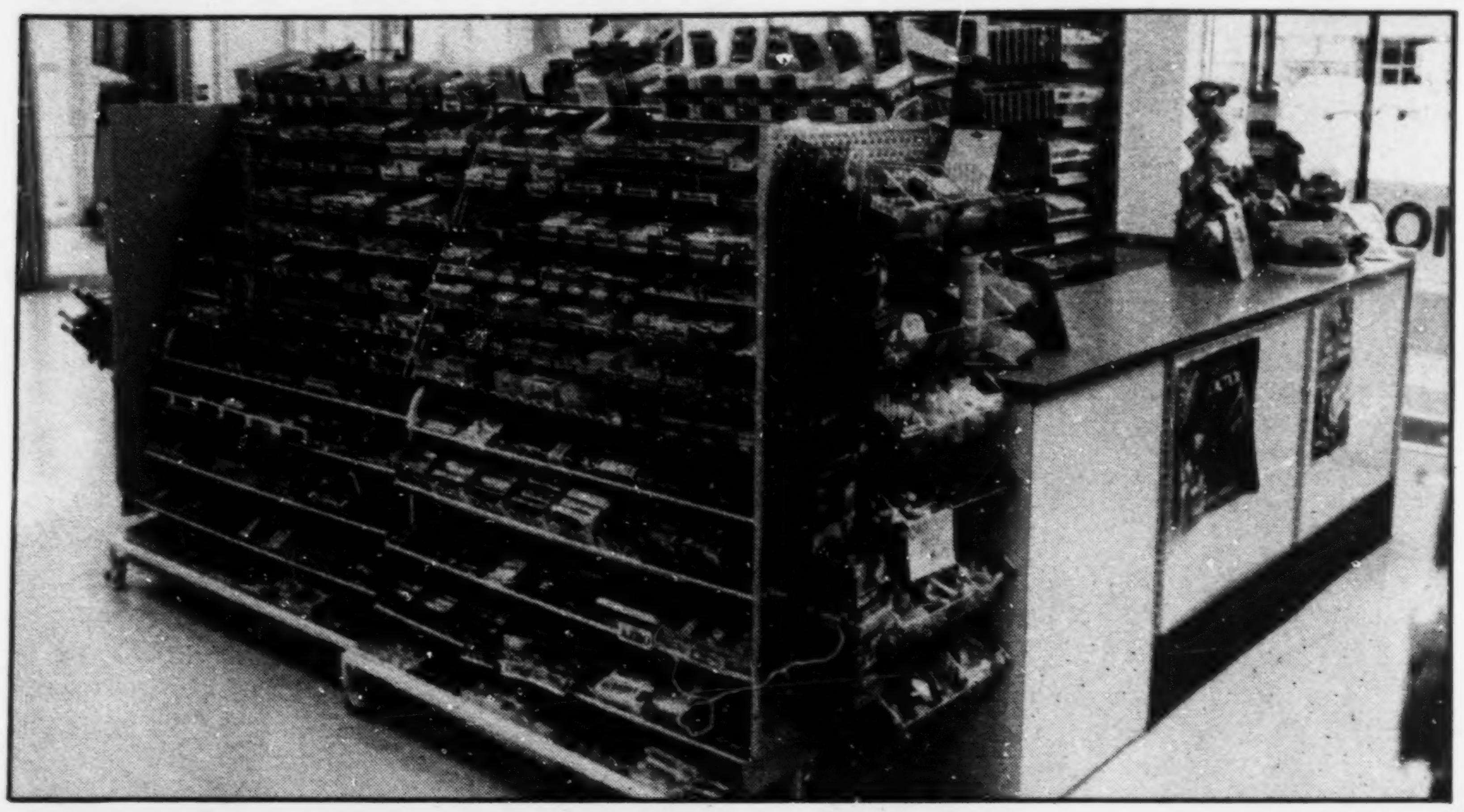
Telephone interviews were conducted between Jan. 23 and Jan. 29, 1985, by professional interviewers under the direct supervision of Lebhar-Friedman research staff.



Panasonic brings you Super Lite™
70% more light than a conventional flashlight
in a very unconventional package

[illegible] Panasonic Super Lite. [illegible] bulb gives you more [illegible] than a conventional flashlight. [illegible] also get more flashlight. Super Lite is made of remarkable high-impact, corrosion-resistant materials. And Super Lite is so reliable the switch is guaranteed for the life of the [illegible] comes complete with D or C [illegible] a name [illegible]

Checkstand merchandising study



Hottest checkout categories

Continued from page 26

other leading general merchandise items.

Disposable razors, a category that has grown explosively in recent years, are a major force in the drug store front-end. Fifty-five per cent of the retailers surveyed by Lebhar-Friedman Research said they regularly carry disposable razors in the checkstand area.

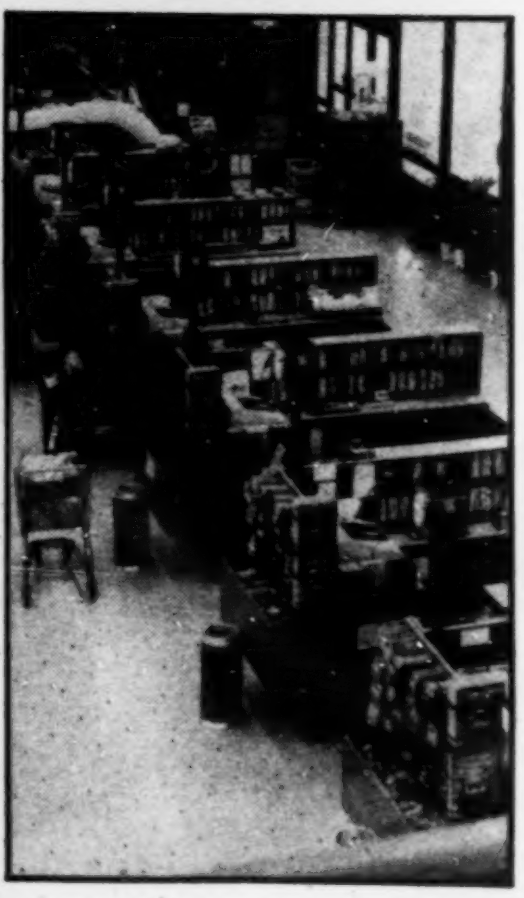
Among the other leading checkstand items are writing instruments, sunglasses and watches. The Lebhar-Friedman Research study revealed that 50% of the drug retailers said that pens are regularly merchandised in checkstand locations in their stores.

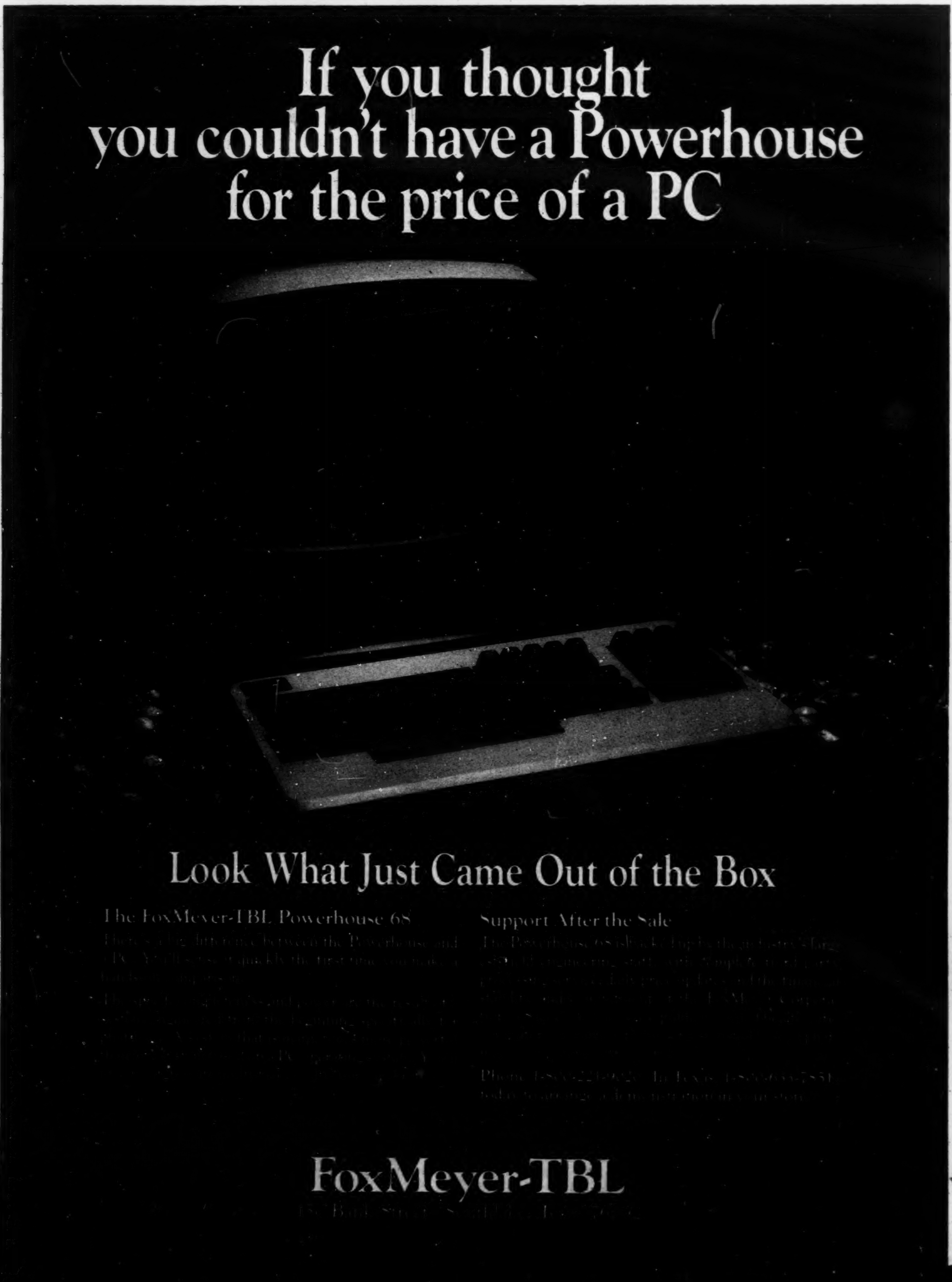
Although watches and sunglasses are seldomly merchandised directly at the checkstand, most retailers consider them an integral part of the front-end, in large part because of their high impulse appeal and attractive gross margins.

Trial-size H&BA and lip balms

Lip balms ranked high on the list of most frequently carried checkstand items, according to the Lebhar-Friedman research study. Sixty per cent of the retailers surveyed said they regularly merchandise lip balms at the checkstand.

Although only 23% of the drug retailers surveyed in the Lebhar-Friedman research study said they consistently merchandise trail-size H&BA's at the checkstand, trial-size products have a strong impulse appeal and are profitable for many chains. Among the growing number of retailers that feature trial-size H&BA's near the checkout are Peoples, Thrifty and Sav-On.





If you thought you couldn't have a Powerhouse for the price of a PC

Look What Just Came Out of the Box

The FoxMeyer-TBL Powerhouse 68

[illegible]

Support After the Sale

[illegible]

FoxMeyer-TBL

[illegible]

Checkstand merchandising study

Chain checkstand strategy is team effort

Few departments in chain drug stores require the communication, coordination and cooperation of as many operations people, merchandisers and buyers as the front-end checkstand area.

Unlike the health & beauty aids, OTC and cosmetics departments, which are generally overseen by one or two buyers, buying responsibilities for the checkstand area can fall under the domain of five or six buyers.

In addition, because of the wide assortment of products found in the checkstand area, merchandising decisions are also a shared responsibility in many cases.

A study of checkstand merchandising strategies, conducted by Lebhar-Friedman Research, revealed that operations personnel were most heavily involved in the decision-making process involving checkstand merchandise. Of the chains surveyed, the vp of operations played a major role in the checkstand merchandising decisions in 47% of the cases. In addition, other key participants in the decision-making process included vps of merchandising and buyers, according to 37% of the chain respondents, district/regional managers (30%), merchandise managers (23%) and general merchandise managers (17%).

While there is the potential for confusion in the front end with so many people assuming some responsibility for the section, most chains manage to keep a firm handle on things in the checkstand area by adhering closely to planograms. In addition, some chains have delegated one person to act as a type of "traffic cop" for the buyers and operations personnel, tracking and scheduling the movement of merchandise into and out of checkstand displays.

Concern over the front end extends far up the corporate chain drug ladder. In one instance, a West Coast chain drug ceo was actively involved in the decision to merchandise single size candy bars at a checkstand position.

At the same time, chains encourage store managers to involve themselves in the front end as much as possible. The Lebhar-Friedman research study revealed that 53% of the respondents involve store managers and assistant managers in the decision-making process for front-end merchandise.

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The Folio 400 is to the publishing industry what the Fortune 500 is to business, and Drug Store News made the grade.

We've made it on two scores—"Top 80 Business Magazines by Circulation Revenue per Copy" because our readers proved they want to read us to the tune of over 17,000 paid subscriptions from drug chain headquarters and stores, leading wholesalers, and high-volume independents. We're the only [illegible]

And among "Top 100 Business Magazines by Ad Revenue per Copy." [illegible] unique editorial environment [illegible] ability to take a product [illegible] in the drug field. [illegible] what we are today. We couldn't [illegible]

[illegible], Group Publisher

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The Folio:400

Top 100 Business Magazines by Ad Revenue per Copy		
54	Postgraduate Medicine	5.13
55	Research & Development	5.13
56	Advertising Age	5.05
57	Restaurant Hospitality	4.85
58	Modern Healthcare	4.79
59	Telephone Engnr. & Mgt.	4.73
60	Heavy Duty Trucking	4.72
61	Adweek	4.71
[redacted]		
63	Packaging	4.61
64	Amer. Family Physician	4.60
65	Elec. Engineering Times	4.49

Top 80 Business Magazines by Circulation Revenue per Copy		
52	Telephony	0.54
53	Chemical Week	0.50
54	Business Insurance	0.45
[redacted]		
56	Successful Farming	0.45
57	ABA Journal	0.44
58	The High Plains Journal	0.43
59	Telephone Engnr. & Mgt.	0.42
60	HFD	0.41
61	Prairie Farmer	0.41
62	Wallace's Farmer	0.41
63	AMM	0.39

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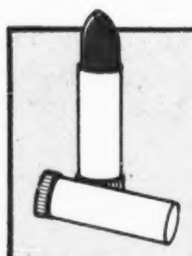

Pharmacy:
Cosmetics: Applying new strategies—p. 15

Special report:
Longs, Vons join Rx buying co-op—p. 39

Beauty Beat:
Men are new target for mousse makers—p. 31

DRUG STORE NEWS®

Vol. 7/No. 14 **Serving chains, wholesalers and high-volume independents for 56 years.** Published by Lebhar-Friedman Inc. June 24, 1985

Eckerd charges Dart with securities violation

By Bruce Buckley

WILMINGTON, Del. — When Jack Eckerd Corp. filed suit against Dart Group Corp. in Federal court here, it was sending out an unmistakable challenge to back off. Eckerd did not intend to be swallowed by the likes of Dart, nor would it be the victim of any greenmail attempt.

The suit alleged among other things that Dart had violated the Federal securities law in acquiring 5% of Jack Eckerd stock and had filed a "false and misleading" statement with the Securities and Exchange Commission.

Eckerd charged that Dart had claimed the stock acquisition was for investment purposes, when Dart was actually seeking to gain control or to extract greenmail payments from Eckerd.

At the same time, Eckerd announced that it had lined up more than $1 billion in credit from its principal lending banks. Analyst Bob Roth of Merrill Lynch said the money was "an insurance policy" designed to give the company flexibility in fending off any takeover attempt by Dart.

While Eckerd was making it clear that Dart was not an acceptable suitor, or partner, the larger question was whether the Clearwater, Fla.-based retailer would accept another suitor if it came to that.

As *Drug Store News* went to press, Eckerd was saying clearly that it intended to remain independent, but some observers felt that the company might have no choice but to seek a white knight.

Industry analysts and observers were not particularly surprised when someone began a run on Eckerd stock.

The company has been having problems in all divisions (see page 6), and the difficulties led to a drop in the per-

Continued on page 56

'And the winner is . . . Revco'

Revco chairman, Sid Dworkin, flanked by 10K road race winners Michael Musyoki and Anne Audain. See story and more pictures on page 11.

Revco challenge: bringing Carls into corporate fold

By Marjorie Shaffer

TWINSBURG, Ohio — Revco's acquisition of Carls Drug, in a cash deal estimated at $35 million, will force the industry giant to make some tough choices.

Most observers say the acquisition of the 42-store chain based in Rome, N.Y., is a good one for Revco, which has been struggling with a number of internal problems and an earnings downslide of 33% for the first nine months of the year in its 1,900-unit drug store division.

But some sources question how Carls will fit into the Revco format. Said one analyst: "Carls stores are the wrong size for Revco, and the New York chain has an entirely different merchandising approach."

Carls drug stores are typically 12,000 to 15,000 sq. ft., about 40% larger than the average 7,800-sq.-ft Revco store. In addition, Carls is a highly promotional chain with a large advertising budget for frequent flyers, ROP ads, and other devices to build traffic, while Revco is a low-promotion chain that has built its reputation on its everyday low prices.

"Revco can convert Carls into its typical drug stores or it can go the deep-discount route, but it can't run a promotional chain, that's not Revco's style," said one source, who declined to be identified for this article.

If Revco decides to convert Carls into Revco-type drug stores, the company may lose market share in the New York

Continued on page 56

Rx Place has plans beyond Philly

Kenneth Colson

NEW YORK — The Rx Place, F. W. Woolworth Company's new deep-discounting venture, is looking beyond its aggressive expansion plans in the Philadelphia area to other East Coast markets.

The Rx Place, a Woolworth division, opened its first store in suburban Philadelphia last month. It plans to open another in an off-price mall in Levittown, Pa., in October and a third by year's end.

In an interview with *Drug Store News* shortly after the opening of the first store, Rx Place president Kenneth Colson said that he'd like to see "a total of eight stores in the Philadelphia area in the next couple of years."

Discounter eyes other locations

He said several other unnamed East Coast markets are also being considered for expansion, but would not comment on when any growth outside of the Philadelphia market is likely to begin.

The Rx Place is located in a former 30,000-sq.-ft. Shop 'n Bag supermarket building in a suburban Stratford, N.J., strip mall. About 16,500 sq. ft. of that area is selling space. The rest will be used for offices and warehouse space where deal merchandise will be stockpiled.

According to Kenneth Colson, president of The Rx Place and a 35-year veteran of Woolworth, the store will be working on an 18% gross margin and should do $6 million in sales in its first year, averaging about $375 per square foot. "Those figures should double when we reach maturity in three to four years," said Colson.

Having no performance records to base his financial predictions on, Colson said his

Continued on page 56

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REVCO D.S. will take a write-down of approximately $35 million, or $18 million after taxes, on video game cartridges, video game accessories and other merchandise for the fourth quarter ended June 1. The inventories, which were purchased by Revco's Odd Lot wholesale division, had to be written down because of severe price erosion, the company said.

Allergy drugs on crest of Rx

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0023447C DR
MS .JEANNE LONG
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4520 EAST WEST HIGHWAY
BETHESDA MD 20814

AIDS TO DAILY LIVING

Perry ComfortCare, a new retail home health care supply store, opened last month in Dearborn.

ComfortCare links Perry and health care group

By Tim O'Brien

DEARBORN, Mich. — Perry ComfortCare opened in this Detroit suburb last month, marking what could be the first time a drug chain has joined forces with a major health care organization to provide home health care products and services.

The retail store is a joint venture between Perry Drug Stores and the Henry Ford Health Care Corporation, the parent company of Detroit's 980-bed Henry Ford Hospital.

The store sells and leases both durable and nondurable goods, as well as aids to daily living, including pillows, brac-

Continued on page 56

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NEWS IN BRIEF

Genovese net earnings down 64%

MELVILLE, N.Y. — Genovese Drug Stores cited "lackluster" same-store sales increases and "generally poor consumer spending" in reporting a 64% decline in net earnings for the 16-week first quarter ended May 24. Net income for the period was $317,000, or 8¢ a share, compared to $880,000, or 22¢ a share, a year earlier. Sales increased 11% to $68.6 million from $61.8 million.

Perry launches 4th A. L. Price

LANSING, Mich. — Perry Drug opened its fourth A. L. Price drug store here on June 6.

The deep discounter, featuring cut case, stacked and high-tech warehouse style merchandising, marks Perry's first presence in Michigan's capital city.

"It's an important new market for us," explained a company spokesman. "We're happy we were able to find a good location." Future growth for the company in this particular market is expected.

The original A. L. Price (always low price), opened in 1983 in Dearborn, followed by locations in Grosse Pointe Farms and Southfield. Two more deep discounters are planned for fiscal 1985.

Sonnenberg appointed vp at Peoples

Charles Sonnenberg

ALEXANDRIA, Va. — Charles H. Sonnenberg has been named senior vp of information systems for Peoples Drug Stores, replacing Glen Tarsha, who has been named vp for special projects.

Sonnenberg will be responsible for all corporate data processing. Before joining Peoples, he spent 17 years with the firm of Deloitte, Haskins & Sells of Baltimore, where he most recently was in charge of all private sector information systems personnel and engagements for the North Atlantic region.

Jones named exec. vp at Big B

Arthur M. Jones

BIRMINGHAM, Ala. — Anthony J. Bruno, president of Big B Inc., announced the promotion of Arthur M. ("Mac") Jones as executive vp.

Jones, 37, a certified public accountant who joined the drug store chain in 1975, was previously vp of finance. Jones will continue to serve as secretary and treasurer of the corporation and member of the board of directors.

Before coming to Big B, he was employed by Arthur Andersen & Co., a Big 8 accounting firm. He is a 1969 accounting graduate of Mississippi State University.

Albertson's income up 3.4%

BOISE, Idaho — Albertson's, the food and drug retailer based here, reported that first quarter net income rose 3.4% to $18.7 million from 18.2 million the previous year. Sales for the quarter, ended May 2, increased 6% to $1.2 billion from $1.13 billion during the same quarter last year. Earnings per share were up 3.6% to 57¢ from 55¢.

INDEX

Classified 56
Cosmetics: Applying new strategies 15
Cosmetics: New products 35
Editorial 4
Financial 6
People 12
Pharmacy 39

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Vol. 7, No. 14 June 24, 1985

Gray names 4 execs to smooth operations and boost profits

CLEVELAND — Gray Drug Fair's new plan to reverse slumping profits has been put into full motion with the hiring of four high-level executives in the area of operations and merchandising.

Charles M. Ortez, a 23-year veteran in store operations at Skaggs and Rea and Derick, has been named senior vp of operations at the Cleveland-based Gray. In another area of store operations, William E. Pannill, formerly associated with Peoples Drug Stores and Cavalier Drug Company, has been named vp of real estate.

Heading up Gray's merchandising department is Daniel W. Kendzie, who has been appointed as vp of merchandising. Before joining Gray, Kendzie owned his own company. H. H. International Trading Corporation, and has held marketing and merchandising positions at K&B and Fay's.

In another merchandising appointment, Allan Cohen, formerly with Gaylords Discount Stores, has been named as merchandise mgr.

The turnaround plan was initiated to help combat a series of problems that has plagued the ailing chain for the past several years. According to Sherwin-Williams' chairman, president and ceo, John G. Breen, some of the areas that will have to be changed in addition to improved merchandising skills and more efficient operations are better inventory management and an improved balance between gross margins, sales and inventory.

Last year, Gray Drug Fair reported profits of $82,000, a drop of 99% from the previous year.

American sells shuttered Sav-On's

FRESNO, Calif. — American Stores has sold four of its five shuttered Sav-On food/drug combos in the San Joaquin Valley to two major southern California food chains.

The two 47,000-sq.-ft. Fresno units were sold to Vons, and the Merced (47,000 sq. ft.) and Atwater (38,000 sq. ft.) combos to Lucky Stores.

Vons calls its combos Value Centers, while Lucky's combo logo is Lucky Discount Center. The pharmacy departments are being retained.

Still unsold is the Porterville property, former site of a 47,000-sq.-ft. Sav-On combo.

Sav-On opened the first store in Merced in the fall of 1983 when Jewel Cos. owned the chain. Original plans were to open 10 food/drug combos in the San Joaquin Valley by the end of 1985.

American closed the stores on Jan. 25, 1985 and sold the pharmaceutical stock and prescription files to Longs.

Industry observers were surprised at the closing because the stores were beginning to come around, and some were marginally profitable. Observers had expected American to operate the stores for at least a year before making any decision.

At any rate, most observers had also expected American to operate them until sold, thereby yielding a higher price than if they were closed.

A real estate exec in the Fresno area said at the time of closing that "Sav-On had bought the properties at a premium price because the locations were so good. However, when American put them on the market, no one was interested in buying them. So American dropped the price and decided to sell them piecemeal. The stores had a lot of money tied up in inventory, so American decided that the merchandise would bring in more dollars with a close-out sale to customers, rather than selling at distressed prices to the new buyers."

Both Lucky and Vons are expected to launch prescription promos because they must build their files from scratch.

Longs, with the prescription files of the five former Sav-On combos, is in a strong position because the acquisition enables the chain to increase its already substantial market share. Longs pioneered the superdrug store in the San Joaquin Valley (from Bakersfield to Merced in central California) and now operates 17 stores in that area.

Hughes: Justice is shirking Rx crime law enforcement

WASHINGTON — Top Justice Department officials came under fire on Capitol Hill for lackluster enforcement of last year's Federal pharmacy crime bill.

In demanding that Justice withdraw its controversial enforcement "guidelines" limiting Federal involvement in drug store robberies, House Crime Subcommittee Chairman William Hughes (D-N.J.) accused department officials of ignoring key provisions of that law which give the Federal Government jurisdiction over thefts of controlled substances valued at more than $500.

Noting that the Justice guidelines set a much higher, $5,000 threshold for Federal investigation of controlled substance robberies from pharmacies and other Drug Enforcement Administration registrants, Hughes called the department's policy "an affront" to Congress which will make it "even more difficult for prosecution.

"If we wanted a threshold of $5,000, we could have added a 'O,'" but "we thought that was too high," he told Deputy Assistant Attorney General James Knapp. "If you want to write laws, become a member of Congress," he snapped.

In defending the department's policy, Knapp characterized criticism of the $5,000 guideline "unnecessary hullabaloo."

Most of the controlled substance theft investigations launched by the department as a result of the new law—and all of the Federal prosecutions undertaken by Justice to date—have involved robberies of less than $5,000 worth of drugs, he told Congress.

Specifically, Knapp said that Justice has investigated 50 of the "423 pharmacy robberies nationally since the bill was passed" last May, as well as a dozen other controlled substance thefts from drug wholesalers or other DEA registrants.

Of these 62 cases, only four involved the theft of drugs valued above the department's $5,000 (acquisition cost) threshold, he maintained.

In his testimony to the House subcommittee, Knapp cited only four Federal prosecutions to date under the 1984 law:

- The October 1984 theft of approximately $500 worth of controlled substances occurred at the Riverdale, Ga., Crossroads Community Pharmacy during which a pharmacist was shot in the back.
- An armed robbery of $2,000 worth of Schedule II drugs from the Crystal Medical Center Pharmacy took place in Minnesota on Jan. 19.
- A Kentucky pharmacist was shot last November during the theft of $1,000 worth of controlled substances from the North Park Pharmacy in Owenton, Ky., and
- Drugs worth $971 were stolen during the burglary of Paxton's Drug Store in Kiowa, Kan., last August.

Despite these examples, Hughes maintained that the department should be investigating and prosecuting far more cases than are covered by the Justice guidelines.

In addition to criticizing the department's increased dollar value threshold, Hughes also accused Justice of ignoring the "clear intent" of Congress by requiring Federal prosecutors to clear all pharmacy robbery cases through Washington.

Knapp, however, replied that the headquarters approval requirement contained in the guidelines is necessary "to ensure uniform application."

FINANCIAL

Net earnings at Jack Eckerd plunge 51%

CLEARWATER, Fla. — With its third-quarter retail drug store profits off sharply from last year, the Jack Eckerd Corporation reported a 51% decline in net earnings for the period ended April 27.

Net income for the quarter was $8.8 million, or 23¢ a share, vs. $18 million, or 48¢ a share, in the same period last year.

Consolidated sales for the first quarter increased 9.5% to $711.8 million from $650.1 million a year ago.

As previously reported, the results reflected a sales slowdown as well as continuing pressure on gross margin, indicative of "the general softening of retail industry sales in recent months, particularly in April."

For the nine months, net earnings were off 6% to $63.6 million, or $1.68 a share, from $67.6 million, or $1.80 a share, in the comparable year-earlier period.

Corporate sales for the nine months increased 13.6% to $2.24 billion from $1.97 billion last year.

While profits fell for all three of Jack Eckerd's companies, the biggest contributor to the decline was the corporation's major subsidiary, Eckerd Drug Co., which operates more than 1,500 stores in 15 states.

Eckerd Drug's third-quarter operating profits fell 31.6% to $26.9 million from $39.3 million a year ago, while sales increased 10.3% to $612.6 million from $555.4 million. Comparable store sales, for units open more than a year, were up 5.8%.

For the ninth months, Eckerd Drug operating profits were off slightly to $133.6 million from $134.1 million last year. The drug company's nine-month sales increased 13.7% to $1.88 billion from $1.65 billion.

Since the beginning of the fiscal year, Eckerd Drug has added 88 stores.

Big B sales, profits rise

BIRMINGHAM, Ala. — With its store base rapidly expanding, Big B Inc. reported record sales and earnings, the 15th consecutive quarter in which sales and earnings have outstripped those of the previous period.

Net profits for the first quarter ended May 11 increased to $1.3 million, or 19¢ a share, from $1.1 million, or 17¢ a share, in the previous quarter, a gain of 11.5%.

Sales for the period increased 22.6% to $45 million from $36.7 million.

Big B operates a chain of 118 stores that includes 110 Big B Discount Drug stores.

		STOCK PRICE							TREND TO MARKET				EARNINGS/SHARE					P/E	DIVIDENDS			FINANCIAL POSITION				
		From 05/17/85 - 06/03/85							Price Trend (% per day)		Volume Trend (% per day)		Last Fiscal Year	Latest 12 Months vs Preceding 12 Months Change		5-Year Annual Growth Rate	Profit Margin	Latest P/E Ratio	Indicated Dvd. rate		Last X-Dvd. Date	Last Fiscal Year		Current Ratio	Last Fiscal Year (Per Share)	
					Change		52-Week																			
Name	Symbol	High	Low	Close	Amt	Pct	High	Low	Last 30 Days	Last 5 Days	Last 30 Days	Last 5 Days		Amt.	Pct				Amt.	Yield		Revenue	Earnings		Long Term Debt	Common Stock Equity
-	-	$	$	$	$	%	$	$	%	%	%	%	$	$	%	%	%	-	$	%	-	$ Mil	$ Mil	-	$	$
Chain Store transactions																										
Am Stores	ASC	61.25	56.00	61.25	5.25	9.38	61.25	27.00	.45	.81	-.99	-11.09	5.71	2.10 F	58.2	117.0	1.5	10.7	.64	1.0	03-26-85	12118.8	185.5	1.2	37.93	21.40
Begley Co	BGLY	17.00	16.50	16.50	-.50	-2.94	17.25	14.50	-.03	-.51	1.72	.00	1.33	-.30 N	-20.4	-8.0	1.1	14.1	.72	4.4	04-15-85	61.5	.7	1.9	15.55	18.26
Big B	BIGB	19.50	16.00	17.88	.38	2.14	19.50	8.88	.31	1.42	5.88	-35.36	.68	.14 Q	25.0	29.0	3.0	25.5	.00	.0	09-21-83	148.1	4.4	2.3	1.20	4.58
Drug Sys	DRGS	5.00	4.75	4.75	-.25	-5.00	5.63	3.25	-.69	-.20	-7.32	-29.71	.56	-.25 N	-38.5	NC	2.1	11.9	.60	12.6	05-09-85	82.3	1.7	3.0	1.28	5.84
Eckerd, Jack	ECK	29.00	22.63	27.00	4.50	20.00	32.88	20.00	-.27	.47	4.70	-27.52	2.27	.26 S	12.1	5.0	3.3	11.3	1.04	3.9	03-11-85	2622.5	85.4	2.0	2.52	16.47
Fay's Drug	FAY	10.00	9.13	9.75	.50	5.41	13.00	8.38	-.24	.20	-2.26	-21.98	.62	-.06 Q	-9.5	49.0	2.4	17.1	.20	2.1	06-24-85	366.7	8.7	1.8	1.65	4.28
Genovese Drug	GDX	12.88	10.25	10.25	-2.38	-18.81	16.63	10.25	-.68	-4.17	6.12	77.83	1.03	.07 F	7.3	89.0	1.9	10.0	.20	2.0	03-29-85	220.3	4.1	1.7	2.06	5.73
Longs Drg Strs	LDG	29.88	26.88	28.38	-.13	-.44	29.88	17.75	-.18	.65	-1.22	2.74	1.88	.18 Q	10.3	12.0	2.9	14.8	.64	2.3	03-27-85	1375.8	40.1	2.1	.00	12.23
Medicare Glaser	MGCO	5.00	4.50	4.75	.38	8.57	7.00	3.50	-.29	.20	3.99	-7.58	.43	-.19 N	-43.2	102.0	1.4	19.0	.00	.0	00-00-00	76.7	1.1	1.6	1.12	3.49
Pay N Save	PAYN	23.25	23.25	23.25	.00	.00	23.63	15.50	-.15	-.21	-4.83	-44.44	2.02	-.81 N	-41.3	-2.0	2.5	20.2	.00	.0	08-20-84	1220.5	30.1	2.0	9.01	14.37
Perry Drug	PDS	20.38	19.00	20.00	.38	1.91	22.13	13.75	.37	.80	-3.54	16.91	1.26	.14 Q	13.0	18.0	2.1	16.4	.28	1.4	05-20-85	370.3	7.6	1.5	2.40	10.60
Revco Drug	RDS	25.25	23.75	24.75	.63	2.59	32.88	22.50	-.21	.08	-.32	-17.32	2.54	-.45 N	-18.6	17.0	4.2	12.6	.80	3.2	02-26-85	2227.5	93.4	2.1	1.08	12.22
Rite Aid Corp	RAD	30.38	28.38	30.25	1.75	6.14	33.50	18.38	.08	.05	-1.73	21.14	1.69	.22 F	15.0	11.0	5.4	17.9	.50	1.7	04-09-85	1297.1	69.9	2.3	.49	7.68
Thrifty Cp	TFD	20.75	19.25	20.00	.13	.63	22.88	14.25	-.16	.05	.78	8.60	1.40	.24 S	18.8	21.0	2.1	13.2	.60	3.0	05-06-85	1299.3	27.9	1.5	4.46	7.72
Walgreen Co	WAG	30.25	26.50	29.88	3.25	12.21	30.25	16.19	.39	.86	.15	-14.58	1.39	.20 S	15.5	31.0	3.1	20.1	.44	1.5	05-14-85	2744.6	85.4	1.7	.87	6.76
Wholesaler's transactions																										
Bergen Bruns	BBCA	29.50	27.38	28.63	.88	3.15	29.50	19.00	.16	.19	-1.84	-30.02	1.57	.05 S	2.9	24.0	1.2	16.2	.32	1.1	04-25-85	1703.4	19.7	1.6	1.08	11.11
Bindley Wstn	BIND	13.75	12.50	13.25	.50	3.92	13.75	8.81	.23	-.41	.31	.19	.73	.16 Q	26.7	39.0	.8	17.4	.00	.0	05-01-85	566.7	4.7	1.4	.08	5.46
Cardinal Distrb	CDIC	17.25	15.75	16.50	-1.75	-9.59	18.50	10.91	-.46	-.08	-6.32	-35.44	1.01	.09 F	9.8	NC	1.2	16.3	.06	.4	03-26-85	320.0	3.7	1.8	.92	5.91
Durr Fillauer	DUFM	17.50	16.50	16.50	-.25	-1.49	17.50	10.88	.39	-1.70	-1.02	4.09	.92	.18 Q	22.5	21.0	1.7	16.8	.18	1.1	05-20-85	341.7	5.8	2.3	1.52	7.56
McKesson Cp	MCK	46.25	43.75	46.00	1.88	4.25	46.25	33.00	-.06	.59	3.51	21.44	3.78	-.42 N	-10.7	-1.0	1.6	13.1	2.40	5.2	05-28-85	4260.0	68.7	1.4	10.45	30.25
Foxmeyer Cp	FXM	26.88	25.13	26.38	.63	2.43	29.75	20.00	-.34	.16	4.17	-11.13	1.56	.29 F	22.8	60.0	1.3	16.9	.00	.0	00-00-00	717.1	9.0	2.0	3.95	11.86
Ketchum	KCH	20.00	15.00	19.00	2.75	16.92	20.00	10.09	.40	3.83	5.10	41.21	.77	-.46 N	-49.5	100.0	.3	40.4	.00	.0	09-24-84	245.1	.8	1.5	6.37	6.74
Owens & Minor	OBOD	22.50	19.50	22.50	3.00	15.38	22.50	11.25	.49	1.88	.08	-4.56	1.43	.17 Q	12.3	49.0	1.2	14.5	.40	1.8	03-11-85	306.7	3.6	3.0	8.02	12.81
Spectro Indus	SPO	20.00	19.63	19.75	-.25	-1.25	20.38	9.69	-.15	-.28	-11.39	.00	.89	.36 N	46.2	53.0	1.8	17.3	.09	.5	03-29-85	395.4	7.2	1.7	1.23	4.44
Manufacturer's transactions																										
Abbott Labs	ABT	54.75	52.50	54.75	1.25	2.34	54.75	36.75	.11	.29	-.38	17.14	3.34	.49 Q	16.5	26.0	13.0	15.8	1.40	2.6	04-09-85	3104.0	402.6	1.9	3.91	13.33
Am Home Prod	AHP	65.38	62.50	65.38	2.63	4.18	65.38	46.75	.11	.29	-.51	7.74	4.39	.35 Q	8.5	15.0	15.1	14.7	2.90	4.4	05-07-85	4485.5	675.6	3.4	.26	13.74
Baxter Travenol	BAX	15.38	14.88	15.25	.13	.83	18.13	11.75	-.22	.13	-1.89	-11.68	1.03	-.39 Q	-26.9	6.0	8.1	14.4	.37	2.4	06-04-85	1800.4	145.1	1.6	1.46	7.83
Block Drugs Co	BLOCA	34.00	31.50	34.00	2.50	7.94	34.00	24.28	.05	1.47	1.78	50.00	3.18	.26 N	8.4	14.0	10.0	10.1	1.00	2.9	02-25-85	238.2	23.9	2.3	2.34	20.08
Bolar Pharm	BLR	41.38	37.13	38.75	-2.25	-5.49	45.25	22.50	-.30	-.46	2.73	-54.64	1.22	.15 Q	12.9	40.0	18.2	29.6	.05	.1	02-08-85	29.1	5.3	7.5	.00	7.41
Bristol-Myers	BMY	61.38	60.25	60.63	.13	.21	61.38	43.38	.10	-.23	-1.20	2.21	3.45	.42 Q	13.4	20.0	11.3	17.1	1.88	3.1	03-29-85	4189.4	472.4	2.5	.75	15.63
Carter-Wallace	CAR	37.75	34.00	37.50	2.13	6.01	37.75	20.00	.31	1.69	2.70	38.57	2.66	.29 F	12.2	34.0	5.9	14.1	.52	1.4	04-12-85	348.8	20.7	2.4	1.69	21.87
Cooper Labs	COO	14.63	13.38	13.88	-.50	-3.48	27.00	12.50	-.55	-.12	8.12	-52.32	-.12	-.90 Q	-100.0	NC	-1.3	NE	.00	.0	03-12-84	155.9	-2.0	1.6	.61	11.81
Forest Labs	FRX	28.38	25.88	27.13	1.38	5.34	28.38	11.25	1.65	-.62	3.10	-13.61	.73	.19 F	35.2	21.0	16.3	37.2	.00	.0	01-14-83	25.8	4.2	8.3	.28	5.42
ICN Pharm	ICN	10.25	9.38	9.50	-.50	-5.00	11.63	6.63	-.46	-1.06	-3.49	8.66	.00	-.22 F	-100.0	40.0	1.6	NC	.00	.0	00-00-00	44.8	.7	3.0	2.43	4.50
Key Pharm	KPH	10.50	9.63	9.75	.00	.00	17.13	8.00	.29	-1.35	.72	-18.36	.61	.06 Q	10.9	63.0	14.6	16.0	.20	2.1	03-11-85	151.1	22.1	2.1	1.16	1.67
Lilly Eli Co	LLY	86.00	80.88	85.75	5.00	6.19	86.00	53.00	.26	.04	-.84	-4.68	6.73	.60 F	9.8	12.0	15.8	12.7	3.20	3.7	05-09-85	3109.2	490.2	1.7	1.63	31.04
Lee Pharm	LPH	6.75	5.88	5.88	-.13	-2.08	9.63	2.13	-.40	-2.47	-5.74	33.04	.13	.58 S	NE	16.0	6.2	24.5	.00	.0	00-00-00	8.1	.5	3.0	.20	1.73
Marion Labs	MKC	38.00	34.50	37.25	.00	.00	38.50	16.50	.28	1.55	-1.00	5.93	.62	.29 N	51.8	60.0	10.6	43.8	.28	.8	06-14-85	226.4	24.1	2.4	.02	3.52
Merck & Co	MRK	109.50	105.50	107.75	3.75	3.61	109.50	78.25	.09	-.22	-.78	11.80	6.71	.60 Q	9.6	7.0	13.8	15.7	3.20	3.0	02-28-85	3559.7	493.0	2.0	2.48	35.29
Morton Thiokol	MTI	35.50	32.25	33.63	-.38	-1.10	35.50	23.81	.22	-.20	-3.40	-25.13	2.16	1.89 N	93.1	45.0	5.5	8.6	.64	1.9	05-24-85	2001.5	109.8	1.5	2.94	12.50
Mylan Labs	MYLN	24.13	21.50	23.50	-.50	-2.08	24.13	7.13	.01	.65	-2.47	-14.78	.52	.32 F	160.0	108.0	23.3	45.2	.05	.2	02-19-85	53.6	12.5	5.9	.09	1.22
Newport Pharm	NWPH	11.25	9.25	10.25	-.50	-4.65	12.00	2.75	1.11	.52	3.42	-12.08	-.21	.17 N	NE	-10.0	-26.0	NM	.80	7.8	05-23-85	7.7	-2.0	2.6	.22	.93
Pfizer Inc	PFE	50.88	47.50	49.63	1.13	2.32	50.88	29.38	.33	.46	.93	-5.08	3.08	.38 Q	13.5	22.0	13.2	15.5	1.48	3.0	05-20-85	3854.5	507.9	2.3	2.10	15.45
Reid Prov Labs	REID	5.13	4.25	4.63	-.50	-9.76	5.25	2.75	-.16	-1.86	2.44	.58	.12	-.08 N	-40.0	87.0	6.7	38.5	.04	.9	12-10-84	13.4	.9	3.1	.02	.92
Robins, AH	RAH	20.38	16.75	17.63	-1.88	-9.62	24.38	12.00	-.34	-1.71	1.24	-24.74	-18.44	-20.58 Q	-100.0	-96.0	-73.0	NE	.00	.0	11-19-84	631.9	-461.6	1.7	.47	-5.23
Rorer Group	ROR	34.00	29.50	34.00	3.88	12.86	34.13	24.00	.06	2.87	8.58	11.58	2.08	.00 Q	.0	6.0	8.5	16.3	1.12	3.3	05-06-85	522.1	44.3	1.9	2.18	11.07
Scherer RP Co	SCHC	11.75	11.00	11.00	-.50	-4.35	12.38	8.63	.22	-1.18	3.99	-28.87	-.43	-.95 F	-100.0	-17.0	-2.0	NE	.32	2.9	03-13-85	167.4	-3.4	1.9	4.83	11.14
Searle, GD	SRL	58.00	52.00	56.38	4.88	9.47	65.50	40.25	.22	-.26	1.08	26.57	3.24	.22 Q	6.9	18.0	13.0	16.4	1.00	1.8	05-07-85	1245.8	161.6	2.1	3.46	17.37
Squibb Corp	SQB	64.63	61.38	62.25	-1.13	-1.78	64.63	41.00	.34	-.89	-.29	-6.72	3.68	.41 Q	12.2	22.0	10.5	16.5	1.76	2.8	05-13-85	1886.0	197.2	2.3	3.74	24.87
Sterling Drug	STY	33.75	30.63	33.13	2.13	6.85	33.75	24.00	.00	1.19	.91	20.75	2.37	.14 Q	6.2	5.0	7.8	13.7	1.20	3.6	04-30-85	1827.3	143.4	2.6	1.32	15.34
Syntex Corp	SYN	65.00	61.75	63.25	.00	.00	65.00	39.88	.35	-.67	1.13	1.03	4.08	-.42 S	-9.5	20.0	14.7	15.7	1.92	3.0	05-13-85	916.5	134.6	2.1	5.36	18.81
Thompson Med	TM	16.50	13.88	15.88	2.13	15.45	25.63	13.25	.11	.35	2.77	-27.50	2.20	-.09 Q	-4.5	42.0	10.8	8.4	.40	2.5	03-25-85	197.2	21.2	4.3	.00	7.09
Upjohn Co	UPJ	113.88	96.75	110.75	13.88	14.32	113.88	45.00	.89	1.05	3.64	-12.03	5.67	-.69 Q	-11.7	.0	8.0	21.2	2.56	2.3	04-01-85	2179.1	173.3	1.7	12.47	37.00
Warner-Lambrt	WLA	42.25	39.25	41.50	2.25	5.73	42.25	28.75	.19	-.22	8.51	-17.51	2.81	.28 Q	10.7	7.0	7.1	14.4	1.48	3.6	05-06-85	3166.7	223.9	1.7	6.47	18.18
Zenith Labs	ZENI	44.75	39.50	42.13	-2.88	-6.39	45.25	8.00	1.07	.99	1.44	-13.90	.56	.52 Q	120.9	117.0	7.7	44.3	.00	.0	03-13-85	37.5	2.9	2.6	.55	3.97

All data is based on sources believed to be reliable, but its accuracy is not guaranteed. Every effort will be made to correct errors, when discovered, in future issues.

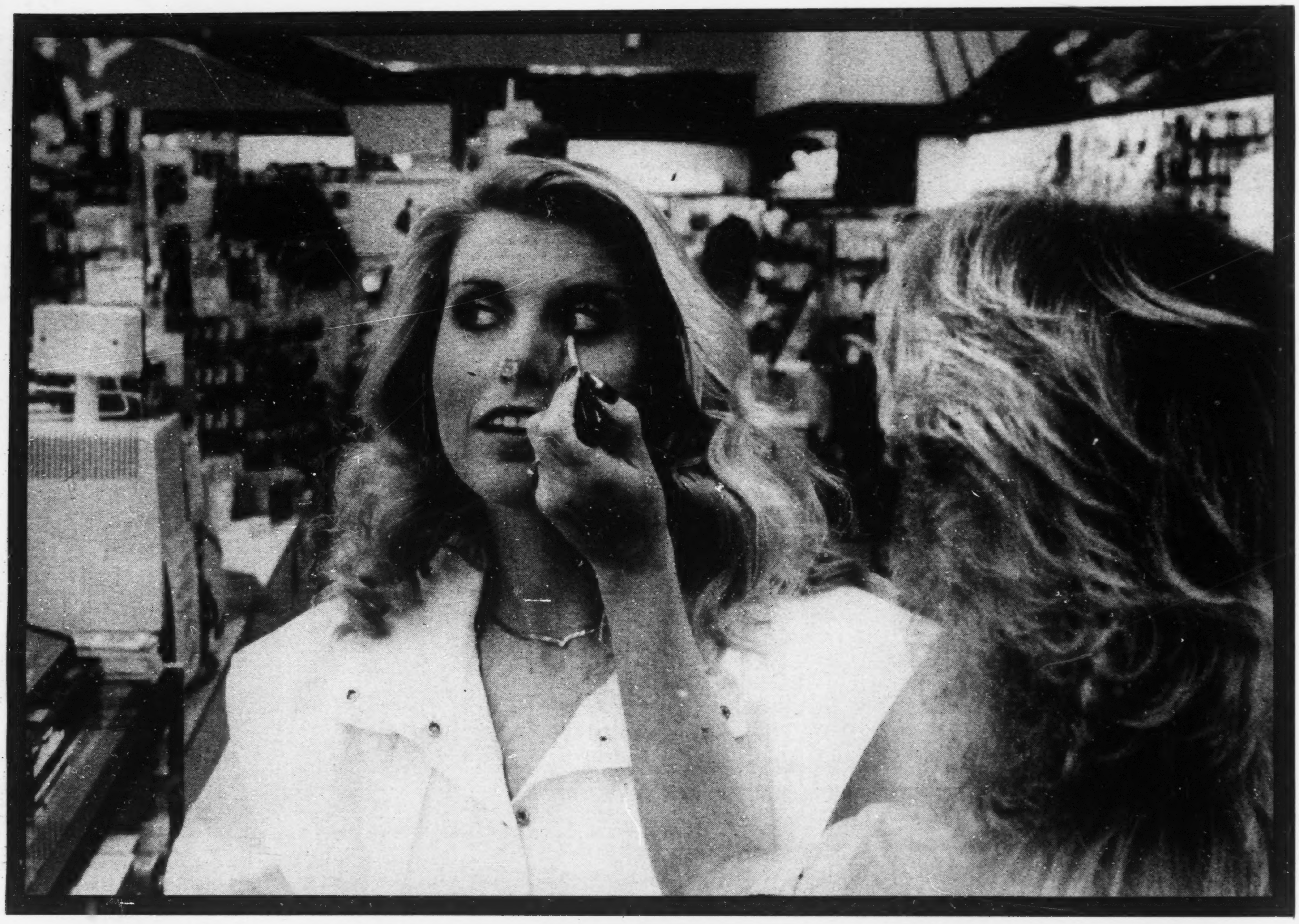
Footnotes:

NA - Not Applicable
NC - Not Calculable
NE - Negative Earnings
NM - No Meaningful Figure
Q - First Quarter
S - First 6 Months
N - First 9 Months
F - Fiscal Year

Data and Table Prepared by Media General Financial Services, Inc., Richmond, Virginia 23219

COSMETICS

applying sound strategies



Chains wage battle for cosmetics market

By Marjorie Shaffer

Drug stores are gearing up to defend their share of the $7 billion cosmetics and fragrance industry, as mass merchandisers and food stores continue to grab an increasing number of cosmetics customers.

It's going to be an uphill battle. According to the most recent A. C. Nielsen figures, drug stores held a 60% share of the color cosmetics market, which includes eye, lip, nail and facial makeup, losing two market share points to mass outlets. In 1984, mass merchandisers carved out a 24% share, up from 22% the previous year, while food stores held steady at 16%.

Breaking it down by category, drug stores lost three percentage points to mass merchandisers in the eye makeup market in 1984. Drug stores held a 56% share, or $235 million, down from 59% in 1983. Mass merchandisers had a 26% share last year, up from 23% in 1983, while food stores held steady at 18% share.

In lip, drug stores held onto their commanding share of the market with a 65% share, or $195 million, according to Nielsen. In facial makeup, drug stores held a 60% share, or $240 million, but lost over one market share point to mass merchandisers since 1983. In facial creams and lotions, drug stores still command the lion's share of the market with a 58% share, or $240 million, but lost almost one point to mass merchandisers since 1983.

While the battle rages for the cosmetics dollar, drug stores are creating a more upscale image, while also appealing to the low end of the market. By covering all bases, retailers are hoping to offer increasingly price-conscious consumers the best of everything, and, by most accounts, they are succeeding.

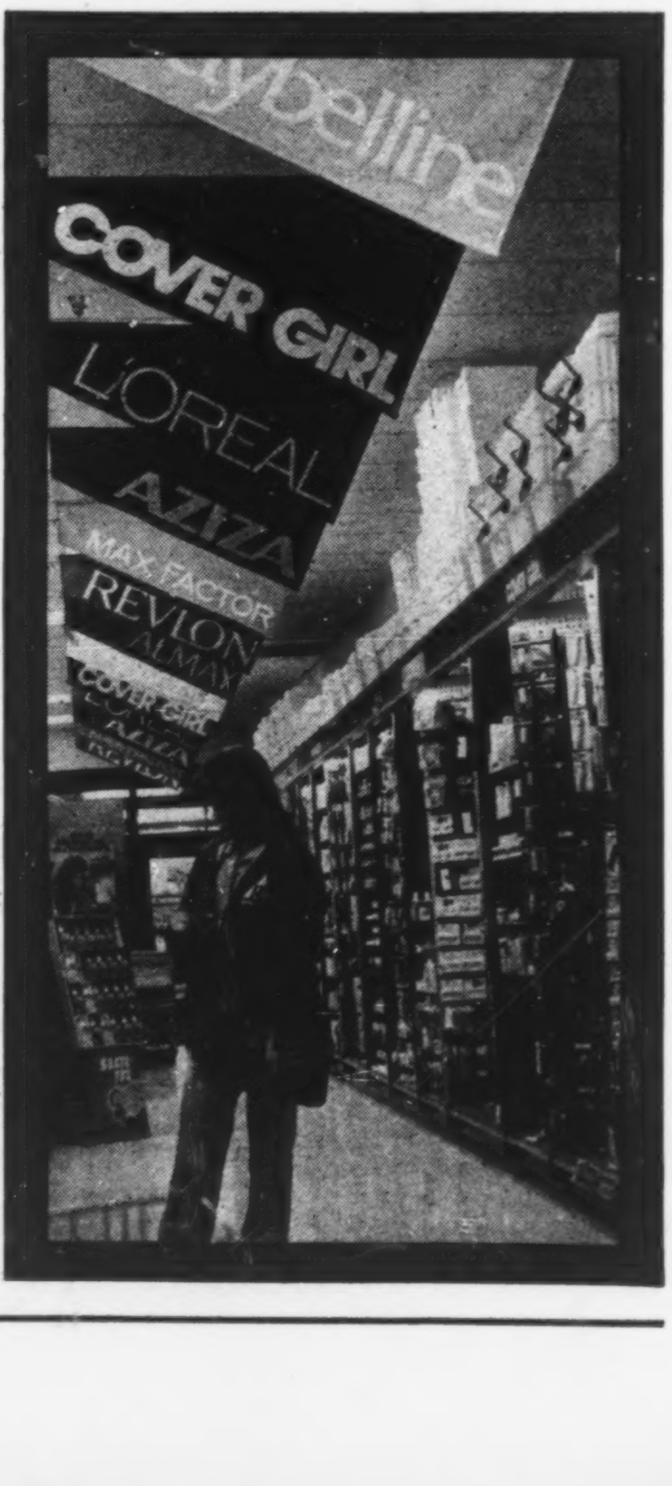
At Genovese, for example, buyer Stephanie Hayter told *Drug Store News* that the chain is upgrading its planograms and expanding its entire cosmetics department to about 84 linear feet. Pegged cosmetics are targeted for expansion and a separate skin treatment area of about 8 ft. is also in the works. And the chain is also testing two prestige makeup lines, Arden and Lancome, in 12 stores. "Our customers expect to find prestige products," says Hayter.

At Carl's, buyer Tom Neville says that the 42-store chain based in Rome, N.Y., is making a major push to upgrade all cosmetics departments. "We've decided to heavily promote our image as a cosmetics store," says Neville.

Continued on page 17

Inside Cosmetics

22 • Nail care and men's fragrances
25 • Change profile: Austin
28 • Portrait of a cosmetics buyer
31 • Beauty Beat
32 • Chain profiles: Cunningham's and Bill's
35 • New products



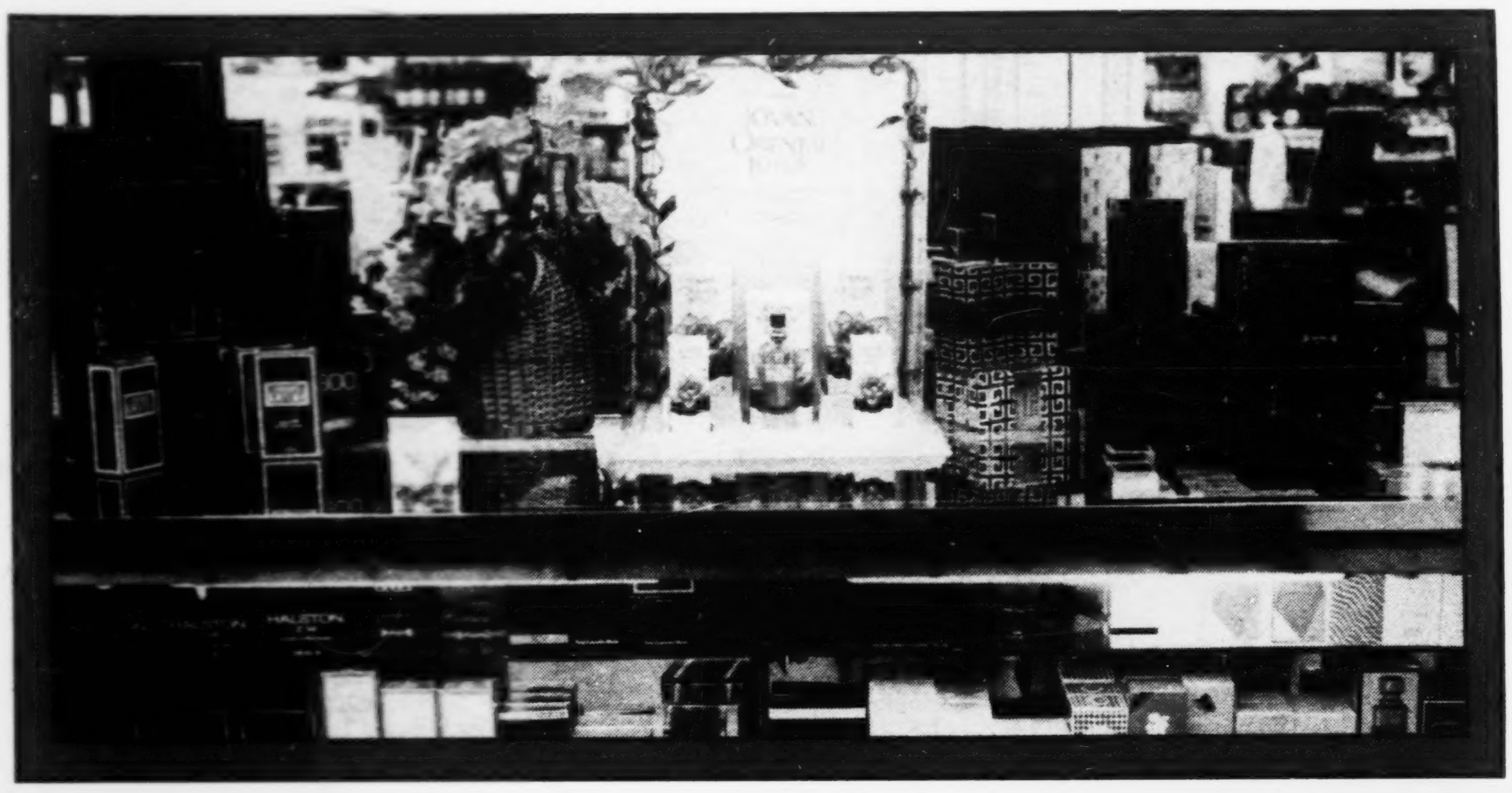
applying new strategies

Cosmetics battle

Continued from page 15

Along those lines, franchised cosmetics like L'Oreal and Revlon are going to be expanded, while the chain is also adding more lines to its budget-end pegged lines. Neville estimates that L'Oreal sales at Carls rose 80% and Revlon sales climbed 162% since last year. L'Oreal will be expanded to 6 ft. from 4 ft., and Revlon to 12 ft. from 5 ft., notes Neville.

And at Super D, a 102-store chain based in Memphis, Tenn., buyer Karen Pratt says that pegged cosmetics lines will be expanded and major promotions are planned with Noxell, Warner Cosmetics, and other manufacturers.



Makeup

According to the Smith Barney, Harris Upham & Co. survey of fragrance and cosmetics chain and independent drug store buyers released in March, Noxell's Cover Girl line was "overwhelmingly voted the No. 1 best-selling makeup," with 61.4% of the vote. Cover Girl also ranked high on buyers' lists for marketing ability and about 66% said that Noxell's sales force was about average to excellent.

Revlon ranked second with 36% of the vote, and Maybelline took third place with 26.3%, bumping L'Oreal out of the running. Factor was runner-up with 10.5% of the vote.

Considering the small number of Cover Girl sku's vs. Revlon's, Noxell's dominance in this survey was impressive.

It will be interesting to see if the voting pattern changes once L'Oreal's 20-sku Visuelle line is firmly entrenched in drug stores. Helen James, a buyer for Hook's, for example, reports that the chain is rearranging its pegged cosmetics lines by increasing the space for L'Oreal to about 8 ft. from 5 ft., and cutting back Factor to 5 ft. from about 7 ft.

Make-up Analysis

However, Pat Duckworth, buyer at Peoples, adds that while the Visuelle line is upscale and beautifully displayed, the least selling item right now is liquid makeup (part of the Visuelle line). Summer, she notes, is not the right time to push a liquid.

In other developments, buyers are looking forward to the introduction of cosmetics lines packaged according to

Continued on page 18

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applying your strategies

Chains wage battle for cosmetics market

Continued from page 17

the seasons. Genovese's Hayter says that Seasons, a new 10-sku line based on the "color me beautiful" theory, is "new and different, so we'll see if it does anything interesting."

In Canada, buyers have already previewed Cosmair Canada's four-season one-time promotion. The kits, which contained lip, nail and eye shadow, along with support material, "did very well" says Vikki Williams, vp of cosmetics at Shoppers Drug Mart, Canada's leading drug chain.

In the eye shadow arena, buyers also note that Revlon's Custom Eyes continues to sell well. Revlon reports that the line, since its launch in late 1983, has pulled in sales of $20 million. The company also reports that it has spent over $6.5 million promoting the line.

Revlon will be following up on the Custom Eyes concept—refillable eye shadow pans—when it launches Custom Blush in the fall.

Skin treatment

Revlon ranked No. 1 in the Smith Barney survey with 50% of the vote, followed by Almay and Revlon's European Collagen Complex. Oil of Olay was runner up with 20.8% of the vote.

Super D's Pratt told *Drug Store News* that skin treatment has been slow, except for Almay. Genovese's Hayter also notes that the chain has seen sales increases in Almay following an upsurge in advertising for the line.

Lip

The big news in lip is "mood" sticks.

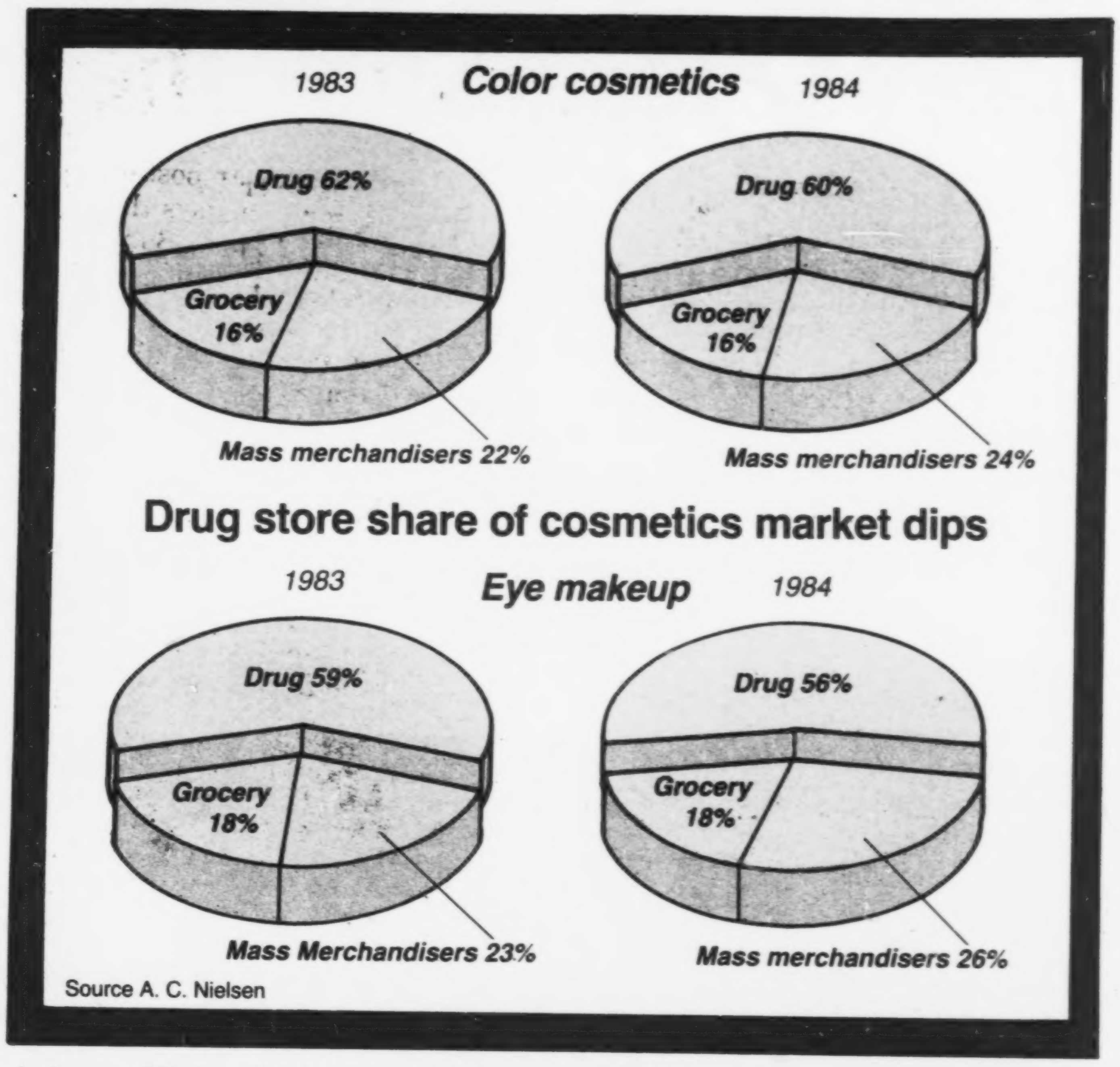
Pat Duckworth, buyer at Peoples reports that the sticks, which change color after application, are the hottest items around. Other buyers concur, but everyone is skeptical that the product will "stick" around for a long time.

One buyer for a large western chain says that the lipsticks are "very successful, but are just a fad." And Vikki Williams at Shoppers wonders whether today's sophisticated cosmetics customers are going to take to such novelty items.

Helen James at Hook's notes that the quality of some of the lipsticks is questionable, and she terms the product an "in and out item." But Shirley Northrop, a buyer for British Columbia-based London Drugs notes that the lipsticks, which have just come into the stores, is a "terrific idea," though she also wonders how long the fad will last.

Fragrances

Vanderbilt remains the best-selling women's fragrance in drug stores, according to Smith Barney. Over 70% of the buyers surveyed for the report gave Vanderbilt top honors, and a huge lead over second-placed Forever Krystle, which received 25.7% of the vote. Tied for third place was Ciara and Halston, each with 13.3% of the vote.



Source A. C. Nielsen

Aviance Night Musk from Chesebrough-Pond's was runner-up with 10.5% of the vote.

Most buyers interviewed by *Drug Store News* for this article report excellent sales of Forever Krystle, especially during Mother's Day, but the long-term outlook for the fragrance is unknown, although it will be supported strongly during this year's Christmas season in most chain drug stores.

But the real story in fragrance is prestige brands, often diverted, which account for as much as 30% of volume in some chain drug stores. Not only have prestige fragrances brought an upscale look into drug stores, they have also been a terrific traffic draw. Indeed, the fragrance selection in many drug stores rivals that of many of the finest department stores.

Peoples' Duckworth, for example, says that prestige fragrances are consistently strong sellers, particularly during Christmas when sales dramatically increase. Last August, Peoples began planogramming prestige brands chainwide and today the chain carries 21 basic sku's behind a glass cabinet.

At Super D, Pratt estimates that the chain carries over 50 sku's of prestige brands. Although gross margins are low, she notes that the products are big sellers, and some lines, such as Estee Lauder and Polo, are difficult to keep in stock.

Carl's started carrying prestige fragrances last year and now carries 25 sku's, accounting for about 25% of fragrance volume. "We offer a better price than our competitors, but we don't make much of a profit," says Neville.

The heavy hitters in the prestige business are the Canadian chains like London Drug and Shoppers, which, unlike their U.S. counterparts, do not have to resort to diverters. Northrop at London Drug says that the chain carries 93 women's prestige brands and 43 men's fragrances. Among the top 10 women's fragrances are Opium, Chanel and Nina Ricci.

Continued on page 21

Chains wage battle for market

Continued from page 18

At Shoppers, Williams notes that prestige fragrances, which account for 50% of all brands, are hot. She also points out that Shoppers gets a lot of exclusive promotions with many prestigious fragrance manufacturers. Shoppers also relies heavily on generic purchase with purchase promotions.

Although Williams notes that diversion knocks down gross margins, she also says that it has its advantages. For example, a buyer can choose just the best-selling sku's of a diverted line, which frees up inventory dollars, she points out.

Body sprays

Body sprays, which showed strong sales in 1984, may be flattening out because of too many introductions. The major brands, Body Flowers and Impulse, are strong in some markets, but weak in others.

Greg Ostroff, a cosmetics analyst with Goldman Sachs, says that the category will not last. "It never really took off," he notes. "Lots of ad bucks were spent for nothing in return."

Other observers, however, disagree. One buyer from a Seattle, Wash.-based chain, for example, reports that body sprays, in general, have fared poorly, but that the Parfums de Coeur line of fragrances has shown some strength.

Super D's Pratt agrees. She notes that while Impulse sales are slowing down, the Designer Imposters are big sellers. She says that the chain is replacing Body Flowers with the Parfums de Coeur line and carrying the line as basic stock.

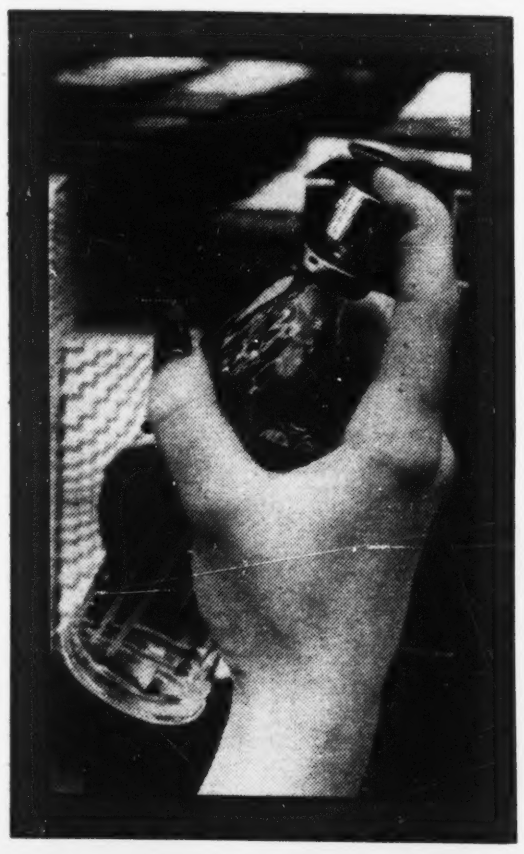
Parfums de Coeur's new Primo!, a Giorgio knock-off available in cologne, perfume and body spray, is selling well in some areas, according to initial reports from some buyers.

According to Mark Laracy, president of Parfums de Coeur, about nine Giorgio knock-offs are currently making the rounds.

Laracy estimates that the company has sold over $10 million worth of its Designer Imposter body sprays and perfumes to drug stores.

Some buyers also liked the company's Christmas promotions—Designer Imposter Elves stocking stuffers, which will retail for about $2.50.

In the following section, *Drug Store News* takes an in-depth look at two growth categories: men's fragrances and nail.



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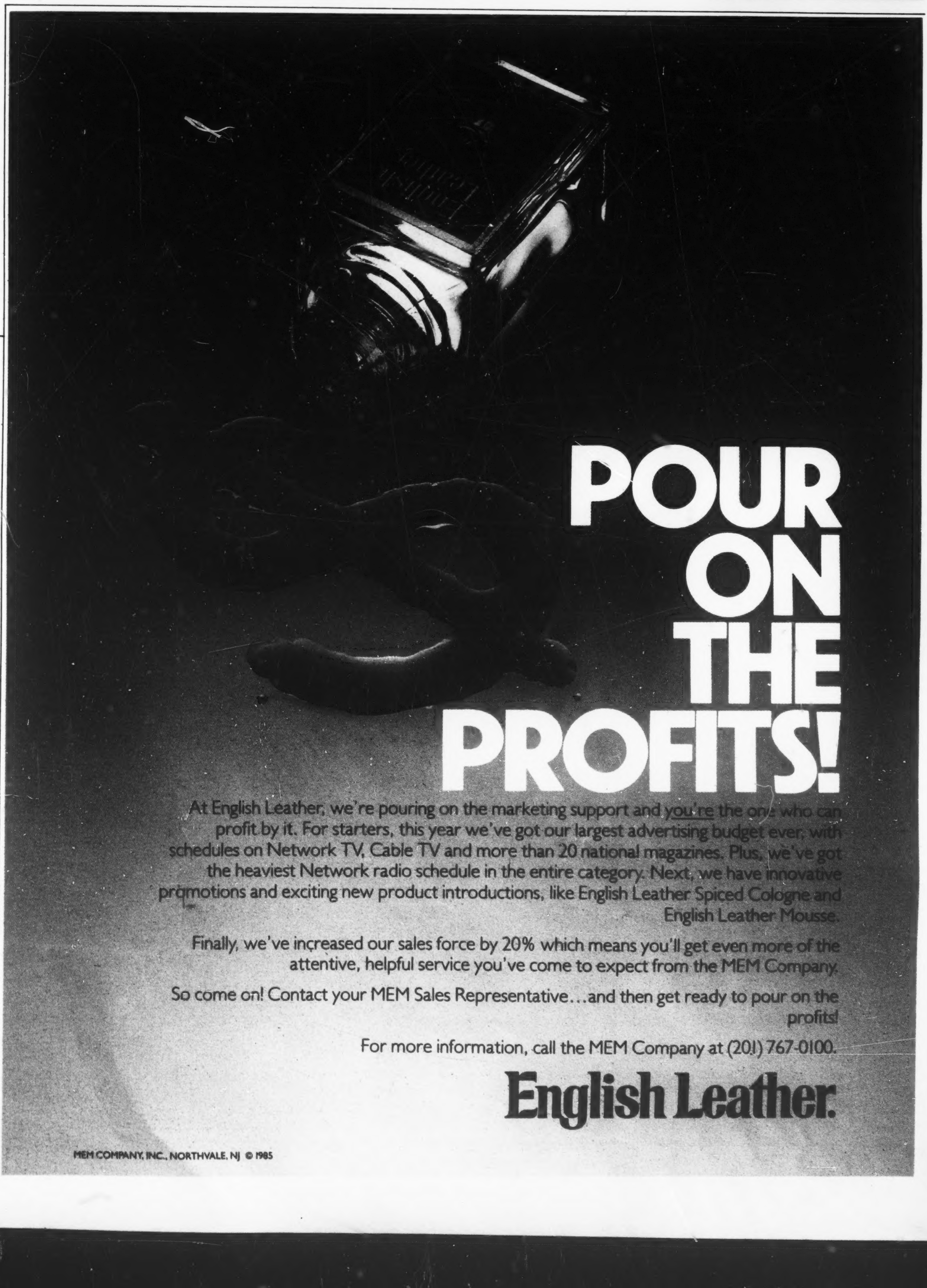

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Pharmacy:
N.J. group opposes discount scripts—p. 21

Beauty Beat:
New nail care pen being previewed—p. 17

Merchandiser:
Conversions bolster cough/cold—p. 13

DRUG STORE NEWS®

Vol. 7/No. 15 **Serving chains, wholesalers and high-volume independents for 56 years.** Published by Lebhar-Friedman Inc. July 8, 1985

American's aim for '86: 20 new combo stores

SALT LAKE CITY — American Stores expects to open about 20 combo stores during fiscal 1986.

The combos, which security analysts say yield the company a 20% return on investment, will be located in Wichita, Kan., and Wichita Falls, Tex.—both markets identified by chairman L. S. "Sam" Skaggs as having plenty of "growth potential."

• **See related story page 3**

The new combos will be operated either under the Skaggs/Alpha Beta banner or as Jewel/Osco stores.

With about 262 combos now in operation, American is the country's leading operator of pure combination stores. Some chains define combo stores as any food store with a pharmacy department, but American's combos literally include a full size drug store with pharmacy, cosmetics and expanded health & beauty aids, under the same roof as its food store. As of March 31, 1985, American had 92 Skaggs Alpha Beta combos, 116 Jewel-Osco combos and three Buttrey-Osco combos, all in a total of 28 states.

In fiscal 1986, American tentatively will open 36 combination food and drug stores. American will not comment on growth plans for 1987 and beyond but the common expectation is that the company will continue to expand.

Whenever American talks about future growth prospects, it always identifies combo stores as well as "super" sized drug stores and expanded food stores as preferred growth vehicles.

The company has targeted some $280 million for capital expenditures in 1986 and analysts are estimating that approximately 30% will be spent on combo store development.

SKAGGS ALPHA BETA
S A
DRUGS
FOODS

American now owns 92 Skaggs Alpha Beta combo stores.

The company also plans to build at least 13 "super" Osco drug stores in fiscal 1986 as well as perhaps as many as half a dozen "expanded food stores."

The expanded food store is a new prototype for American's Acme store division. Six expanded food stores were initially expected to open in fiscal

Continued on page 30

Fay's buys 8 Genovese units

LIVERPOOL, N.Y. — The agreement by Fay's Drug Co. to buy eight Genovese stores in Connecticut and Massachusetts is like one of those player deals in which both teams come out winners.

When the deal is final, probably by the end of this month, Fay's will have eight new stores in markets in which it now has virtually no presence. The addition will bring Fay's store count to 128.

Henry A. Panasci Jr., chairman of the chain, said the acquisition will provide the company "with a core of stores in the Greater Hartford and Springfield markets that will serve as a nucleus for further expansion in westerm Massachusetts and Connecticut."

For Genovese's part, the deal means that it will be able to redirct some of its assets into a market that promises a greater return.

Leonard Genovese, chairman and president, said the sale "will allow Genovese to concentrate its efforts and expansion plans in the Greater New York Metropolitan and Long Island markets.

"The Metropolitan New York market offers the greatest opportunity for growth and profitability for an aggressive drug store chain," Genovese said. "Only 50% of the pharmacy/drug store business in New York is done by chains—a figure well below the national average."

Continued on page 29.

SGC's growth agenda calls for more deep-discount units

SECAUCUS, N.J. — Supermarkets General Corp. will open 12 to 15 freestanding drug stores this year, half of which will operate under a deep-discount format, including the company's first in Albany, N.Y.

Leonard Lieberman, SGC's president and ceo, told shareholders at the company's annual meeting here that with 15 deep-discount units already in operation, "SGC has rapidly become one of the largest operators of deep-discount drug stores in the country."

The deep-discount stores include the recently acquired Heartland units and the Pathmark Super Drug units which were unveiled in Baltimore last year.

However, rapid store growth has temporarily put a dent in the drug store division's operating income, said Lieberman, who added that its performance "has declined principally as a result of the new store expansion."

Three of the new deep-discount units will be Heartland drug stores, the off-price chain that SGC acquired as part of the Purity Supreme purchase last year. The remaining three deep-discount stores will carry the Pathmark Super Drug banner.

Underscoring the importance of the company's growing drug store and nonfood sales in its grocery stores, Leonard Lieberman, SGC's president and ceo, told shareholders here that drug and nonfood sales represented

Continued on page 30

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BI-MART, Pay 'n Save's 33-store membership discount drug chain, is revving up for an expansion program with the leasing of a 100,000-sq.-ft. distribution center in Eugene, Ore. Starting in the fall of 1986, Bi-Mart will add 11 to 15 new stores in Oregon and Washington over a five-year period. Bi-Mart currently operates 28 30,000-sq.-ft. stores in Oregon and five in Washington.

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Dart Group recruits E. F. Hutton to plan Eckerd battle strategy

By Bruce Buckley

CLEARWATER, Fla. — At presstime, a state of siege had developed in the war of nerves between Jack Eckerd Corp. and Dart Group Inc.

Dart had mobilized a heavy financial artillery outfit, E. F. Hutton, for the next phase of a possible final encounter to take over Eckerd.

And Eckerd had drawn up its defenses in the form of a billion-dollar line of credit and a lawsuit charging Dart with violating securities law and asking that Dart be enjoined from further purchases of Eckerd stock.

The next move would be Dart's, and no one on the outside had a clue as to whether the small corporation headed by the cash-and property-rich Haft family would try to swallow the industry giant. Some say the price-tag could go as high as $40 a share, or $1.5 billion.

There was a great deal of speculation about a possible white knight. Imasco Ltd., the Canadian conglomerate that owns Shoppers Drug Mart and Peoples Drug Stores, and Rite Aid were among those added to the speculative list of suitors that already included K mart, J. C. Penney, Sears and Safeway.

Eckerd was sticking to its statement that it would resist any unfriendly merger attempt and would attempt to remain independent. But analysts were not so sure that it

Continued on page 29

A. L. Pri¢e launches 4th store in Michigan

LANSING, Mich. — Perry Drugs increased its commitment to the deep-discount format with the opening of its fourth and largest A. L. Pri¢e discount store in Michigan.

Located here in a partially completed shopping mall called Delta Center, the new 25,300-sq.-ft. A. L. Pri¢e (Always Low Price), with 22,000 sq. ft. of selling space, is about 20% larger than the three other deep-discount stores the chain operates in Detroit's metro market, according to Mickey Kole, president of Perry's drug store division.

Perry decided to open the store in Lansing, about 84 miles northwest of the heavily saturated Detroit deep-discount market, the home of F&M, because there are no other deep discounters nor any Perry drug stores in Michigan's state capital. The same holds true for the other area Perry has targeted for the concept, Westland, Mich., where the fifth A. L. Pri¢e will open in September or October.

The fourth A. L. Pri¢e is set up so that the four biggest-draw aisles, hair care, cosmetics, OTC and paper products, are evenly separated to facilitate traffic flow. Shoppers entering the eight-aisle warehouse-style store are greeted with a huge assortment of trial size products, impulse items, case-cut foods and glassware.

About 50% of the selling space is devoted to health & beauty aids, prominently displayed in block merchandised shelves and in towering waterfall-like endcaps throughout the store. The second aisle is devoted to hair care, with one 120-linear-foot side featuring shampoos, mousses, styling gels, hair sprays, hair colors and, finally, home-perm kits.

The cosmetics department in the store also receives prominent treatment with a 60-ft. pegged section and separate cosmetics counter where prestige fragrances are housed along with other items. The store's everyday discounts are vividly advertised throughout the store.

The A. L. Price in Lansing, Mich., features a warehouse-style layout with ample room for shopping.

But the largest category is paper products, which is lodged on the last aisle in a 160-linear-foot section.

According to Kole, paper products bring in the lowest gross margins, 12% to 14%, but the highest turns compared to the other merchandise in the store. When the store reaches maturity in about two years, Kole estimates it should turn over about 1,800 cases of paper products per month.

The Lansing A. L. Pri¢e is also equipped with eight high-

Continued on page 30

Bergen names Engle exec vp

LOS ANGELES — Philip Engle, group vp of Bergen Brunswig and a 20-year veteran with the nation's No. 2 drug wholesaler, has been promoted to executive vp.

As executive vp, he will assume the operational responsibilities of the drug company. Elmer Fiery, currently president of the drug company, will continue with some planning activities until he retires on Nov. 15. On that date, Engle will become president.

From 1976 to 1984, Engle was vp of operations. Thereafter—and until he was promoted to executive vp—he was group vp.

As group vp, Engle was responsible for 48 divisions. The five regional vps in charge of those divisions reported to him.

Asked about changes after he becomes president, Engle told *Drug Store News:* "I will get a clearer picture as the Nov. 15 retirement of Elmer Fiery gets closer. But my philosophy is, 'If it's not broken, don't fix it.'"

Engle said that recent Bergen acquisitions have been healthy because they have expanded Bergen's base. In acquiring Davis Bros., and thereby adding Montana and Tennessee, Bergen now has 9,500 accounts in more than half of the states.

He said that the acquisition of Drug Service Inc., "makes for a beautiful fit. DSI is a well-balanced company, especially strong in hospital services."

Engle is highly regarded by Bergen's division managers. Says one: "Phil is especially effective in operations and communications. He has put together a total inventory package and integrated all buying functions into a central computerized system."

Says another: "His strength is in communications. He is easy to work with."

Fiery, who joined Bergen Drug in South Brunswick, N.J., in 1959 as sales manager and progressed through management ranks, was Bergen Brunswig's first national president. His most singular achievement was to merge the eastern and western divisions.

His strengths, according to Bergen execs, are people-management, organizational skills and motivational power.

Fiery recently completed five years of service with the National Wholesale Druggists Association.

Cavallo resigns Thrifty vp post

LOS ANGELES — Dominic J. Cavallo, senior vp-director of store operations at Thrifty, has resigned for what the company said was personal reasons.

However, a source close to Thrifty told *Drug Store News* that Cavallo resigned "because of continuing conflict with [Thrifty president Richard] Eils."

Cavallo and Eils did not return several phone calls.

The source said the conflict "came to a head last August when pharmaceutical buying was taken away from Cavallo and given to Ken Crosby's department. [Crosby is senior vp-director of buying and merchandising.] Until then, purchasing pharmaceuticals had not been a function of the buying department."

The source also said that despite Cavallo's "problems with Eils, Cavallo would not go around him to contact Straus [Leonard Straus, chairman and ceo]."

Straus, aged 70, has said on many occasions that Eils is his heir-apparent, so the Eils-Cavallo conflict placed him in a difficult position. Straus was in Europe and could not be reached for comment.

"Cavallo wanted more hours for the pharmacy department and more clerical help," says a veteran pharmacy expert, "but he kept being overridden. Dominic wanted more pharmacies to go from single to double shifts, but as Thrifty installs computer terminals, double-shift pharmacies are reverting to single shift in increasing numbers."

Still, Cavallo, who joined Thrifty in October 1977, is credited with getting Thrifty's pharmacy department into the black. Leonard Straus has said that until 1979 Thrifty prescription departments had made no money. At Thrifty's annual meeting early in 1985,

Continued on page 30

NEWS IN BRIEF

FoxMeyer acquires Calif. supplier

DENVER — FoxMeyer has acquired Devco Medical Industries of Santa Fe Springs, Calif., a supplier of medical and surgical supplies to hospitals.

Devco will be FoxMeyer's fifth hospital supply division and the first in the Golden State. Others are in Denver, Oklahoma City, Kansas City and St. Louis.

"This department is not big historically," said Richard Bard, president of the wholesale company, "but we expect it to grow into the $200 million range in the next couple of years."

Bard conceded that "breaking into California with a small drug division [Devco does $25 million a year] will make it easier for FoxMeyer to enter California as a wholesaler, but not right now. We need time to assimilate our two most recent acquisitions—McPike and Yahr-Lange of Wisconsin—before contemplating our next move."

Bard denied rumors that FoxMeyer was negotiating with Pay 'n Save to buy Northwestern Drug as a way to break into the West Coast wholesale drug market.

SupeRx expands food/drug sections

CINCINNATI — Kroger is expanding its convenience food/drug sections inside its freestanding SupeRx drug stores.

Kroger executives said that SupeRx is adding a "limited assortment of convenience foods to its larger stores, while in new facilities and in remodels, as many as 1,000 grocery and perishable items are being offered in addition to the typical drug store selection."

Sales in 1984 for SupeRx drug stores rose 8.8% to $859.5 million, even though the chain's total square footage remained "virtually" unchanged since 1983. SupeRx plans to open 24 new stores in 1985, and will remodel about the same number of existing stores.

SupeRx currently operates 620 stores in 20 states, including 24 SupeRx food and drug stores in Florida.

NACDS name Welsh as exec vp

ALEXANDRIA, Va. — The National Association of Chain Drug Stores Inc. has named William Z. Welsh Jr. executive vp and chief operating officer. Welsh, who joined the NACDS in 1975, was most recently corporate secretary. Welsh will report directly to Robert J. Bolger, president and ceo of the NACDS.

INDEX

Classified 29
Editorial. 4
Financial 6
Merchandise News 26
Merchandiser 13
People 9
Pharmacy 21
Product Update 25

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Vol. 7, No. 15 July 8, 1985

FINANCIAL

Net earnings rise 10% at Bergen Brunswig

LOS ANGELES — Bergen Brunswig Corp. reported that net earnings for the third quarter ended May 31 increased 10% to $7 million (LIFO), or 56¢ a share, from $6.4 million (FIFO), or 51¢ a share, in the same period last year.

If the company, the nation's second largest drug wholesaler, had used LIFO accounting method last year, quarterly net earnings from continuing operations would have increased 37%.

Sales and other revenues for the quarter were up 51% to $668 million from $442 million in the same year-earlier period.

For the nine months, net income rose 3% to $18.3 million (LIFO), or $1.45 a share, from $17.8 million (FIFO), or $1.41 a year ago.

Under the LIFO method, last year's earnings for the nine months from continuing operations would have increased 25%.

Sales and other revenues for the nine months increased 40% to $1.75 billion from $1.26 billion in the same period last year.

Commenting on the results, Emil P. Martini Jr., chairman and ceo, said that although "acquisitions completed earlier in the fiscal year had a major impact on sales growth for the quarter, the results from existing operations exceeded internal growth targets. Earnings contributions from these acquisitions are also meeting objectives."

Martini said the company was "pleased with the integration of the medical supplies units of Synergex." He said the medical supply division was continuing to show signs of renewed sales growth.

In Bergen's consumer electronics division, Commtron Corp., Martini said sales should exceed $300 million for the current fiscal year.

ALCO Standard revenues up 5%

VALLEY FORGE, Pa. — ALCO Standard Corp.'s second quarter figures showed that revenues, net income and primary earnings per share from continuing operations were all ahead of the same quarter last year.

Net income rose 13% to $15.5 million, or 70¢ per share, from last year's $13.8 million, and 62¢ per share. Revenues were up 5% to $872 million, from $829.3 million.

For the six months ended March 31, the figures were also ahead of last year's. Net income grew by 13% to $32.1 million, up from $28.4 million in 1984.

While ALCO's other operations were affected by "softening business conditions" during the second fiscal quarter, the company's health services showed a 20% rise in revenues to $247.9 million while income before taxes grew 24% to $5.7 million.

ALCO Standard is the country's third largest wholesale drug company with 1984 revenues totaling $3.4 billion.

		STOCK PRICE							TREND TO MARKET				EARNINGS/SHARE					P/E	DIVIDENDS			FINANCIAL POSITION				
		From 05/31/85 - 06/17/85							Price Trend (% per day)		Volume Trend (% per day)			Latest 12 Months vs Preceding 12 Months Change					Indicated Dvd. rate			Last Fiscal Year			Last Fiscal Year (Per Share)	
					Change		52-Week																			
Name	Symbol	High	Low	Close	Amt	Pct	High	Low	Last 30 Days	Last 5 Days	Last 30 Days	Last 5 Days	Last Fiscal Year	Amt.	Pct	5-Year Annual Growth Rate	Profit Margin	Latest P/E Ratio	Amt.	Yield	Last X-Dvd. Date	Revenue	Earnings	Current Ratio	Long Term Debt	Common Stock Equity
-	-	$	$	$	$	%	$	$	%	%	%	%	$	$	%	%	%	-	$	%	-	$ Mil	$ Mil	-	$	$
Chain Store transactions																										
Am Stores	ASC	65.50	58.00	64.00	3.25	5.35	65.50	30.75	.81	.54	1.43	24.70	5.71	1.86 Q	49.7	82.0	1.5	11.4	.64	1.0	03-26-85	12118.8	185.5	1.2	37.93	21.40
Begley Co	BGLY	16.63	16.50	16.63	.13	.76	17.25	14.50	-.17	.25	-3.63	.00	1.33	-.30 N	-20.4	-8.0	1.1	14.2	.72	4.3	04-15-85	61.5	.7	1.9	15.55	18.26
Big B	BIGB	17.88	16.75	17.00	-.50	-2.86	19.50	8.88	.13	.32	-2.05	-15.77	.68	.14 Q	25.0	29.0	3.0	24.3	.00	.0	09-21-83	148.1	4.4	2.3	1.20	4.58
Drug Sys	DRGS	4.88	4.50	4.50	-.25	-5.26	5.63	3.25	-.42	-1.02	1.63	36.00	.56	-.25 N	-38.5	NC	2.1	11.3	.60	13.3	05-09-85	82.3	1.7	3.0	1.28	5.84
Eckerd, Jack	ECK	30.75	26.13	27.63	-.38	-1.34	32.88	20.00	.58	-1.48	-1.46	-18.27	2.27	-.03 N	-1.4	3.0	3.3	12.8	1.04	3.8	03-11-85	2622.5	85.4	2.0	2.52	16.47
Fay's Drug	FAY	10.13	9.50	9.88	-.13	-1.25	13.00	8.75	-.08	.77	-.78	21.75	.62	-.06 Q	-9.5	49.0	2.4	17.3	.20	2.0	06-24-85	366.7	8.7	1.8	1.65	4.28
Genovese Drug	GDX	12.25	9.13	10.50	-1.75	-14.29	16.63	9.13	-1.09	.53	6.57	-.26	1.03	-.13 Q	-12.7	55.0	1.9	11.8	.20	1.9	06-13-85	220.3	4.1	1.7	2.06	5.73
Longs Drg Strs	LDG	29.00	26.13	26.38	-1.63	-5.80	29.88	18.06	-.12	-1.29	-.21	4.25	1.88	.18 Q	10.3	12.0	2.9	13.7	.64	2.4	03-27-85	1375.8	40.1	2.1	.00	12.23
Medicare Glaser	MGCO	5.00	4.25	4.25	-.50	-10.53	7.00	3.50	-.33	-3.03	-5.52	3.48	.43	-.19 N	-43.2	102.0	1.4	17.0	.00	.0	00-00-00	76.7	1.1	1.6	1.12	3.49
Pay N Save	PAYN	23.38	23.13	23.13	-.13	-.54	23.63	15.50	-.13	.14	1.61	45.45	.95	-1.07 F	-53.0	-5.0	1.1	24.3	.00	.0	08-20-84	1394.9	14.8	2.3	14.93	14.89
Perry Drug	PDS	20.38	18.88	19.63	-.38	-1.88	22.13	14.00	.14	-.23	-4.65	-3.35	1.26	.10 S	8.8	17.0	2.1	15.8	.28	1.4	05-20-85	370.3	7.6	1.5	2.40	10.60
Revco Drug	RDS	26.50	24.50	25.00	.38	1.52	32.88	22.50	.15	-.10	1.29	-40.12	2.54	-.45 N	-18.6	17.0	4.2	12.7	.80	3.2	06-10-85	2227.5	93.4	2.1	1.08	12.22
Rite Aid Corp	RAD	30.38	24.13	25.25	-4.63	-15.46	33.50	19.75	-.18	-3.11	7.08	34.66	1.69	.22 F	15.0	11.0	5.4	14.9	.50	2.0	04-09-85	1297.1	69.9	2.3	.49	7.68
Thrifty Cp	TFD	22.25	19.88	20.88	1.13	5.70	22.88	14.25	.22	-.78	-.89	1.54	1.40	.24 S	18.8	21.0	2.1	13.7	.60	2.9	05-06-85	1299.3	27.9	1.5	4.46	7.72
Walgreen Co	WAG	30.25	27.00	27.38	-1.38	-4.78	30.25	17.19	.40	-1.72	-2.56	12.87	1.39	.20 S	15.5	31.0	3.1	18.4	.44	1.6	05-14-85	2744.6	85.4	1.7	.87	6.76
Wholesaler's transactions																										
Bergen Bruns	BBCA	29.25	28.50	28.63	.00	.00	29.50	19.88	.20	.01	-1.68	36.96	1.57	.05 S	2.9	24.0	1.2	16.2	.32	1.1	04-25-85	1703.4	19.7	1.6	1.08	11.11
Bindley Wstn	BIND	15.00	13.00	13.75	.25	1.85	15.00	8.81	.45	-.28	1.44	34.43	.73	.16 Q	26.7	39.0	.8	18.1	.00	.0	05-01-85	566.7	4.7	1.4	.08	5.46
Cardinal Distrb	CDIC	16.63	16.25	16.50	-.25	-1.49	18.50	10.91	-.51	.33	1.49	84.00	1.01	.09 F	9.8	NC	1.2	16.3	.06	.4	03-26-85	320.0	3.7	1.8	.92	5.91
Durr Fillauer	DUFM	17.75	16.50	16.75	.25	1.52	17.75	10.88	.13	-1.21	-3.20	11.96	.92	.18 Q	22.5	21.0	1.7	17.1	.18	1.1	05-20-85	341.7	5.8	2.3	1.52	7.56
McKesson Cp	MCK	50.00	45.00	46.63	1.75	3.90	50.00	34.13	.37	-.58	.47	31.90	3.78	-.42 N	-10.7	-1.0	1.6	13.3	2.40	5.1	05-28-85	4260.0	68.7	1.4	10.45	30.25
Foxmeyer Cp	FXM	26.88	25.50	25.88	-.63	-2.36	29.75	21.00	.13	-.45	-3.05	18.49	1.56	.29 F	22.8	60.0	1.3	16.6	.00	.0	00-00-00	717.1	9.0	2.0	3.95	11.86
Ketchum	KCH	22.75	17.88	20.75	1.38	7.10	22.75	10.09	1.01	-.44	4.75	-29.77	.77	-.46 N	-49.5	100.0	.3	44.1	.00	.0	09-24-84	245.1	.8	1.5	6.37	6.74
Owens & Minor	OBOD	23.25	21.00	21.50	-.50	-2.27	23.25	12.00	.43	.59	-1.34	9.91	1.43	.17 Q	12.3	49.0	1.2	13.9	.40	1.9	03-11-85	306.7	3.6	3.0	8.02	12.81
Manufacturer's transactions																										
Abbott Labs	ABT	57.25	54.13	56.00	1.88	3.46	57.25	36.75	.17	.12	2.13	8.83	3.34	.49 Q	16.5	26.0	13.0	16.2	1.40	2.5	04-09-85	3104.0	402.6	1.9	3.91	13.33
Am Home Prod	AHP	66.88	62.13	62.88	-2.00	-3.08	66.88	46.75	.14	-.56	-.06	7.62	4.39	.35 Q	8.5	15.0	15.1	14.1	2.90	4.6	05-07-85	4485.5	675.6	3.4	.26	13.74
Baxter Travenol	BAX	15.50	14.75	15.50	.25	1.64	18.13	11.75	-.09	.91	-.53	36.14	1.03	-.39 Q	-26.9	6.0	8.1	14.6	.37	2.4	06-04-85	1800.4	145.1	1.6	1.46	7.83
Block Drugs Co	BLOCA	35.50	34.00	35.50	3.00	9.23	35.50	24.28	.46	.68	-2.80	35.00	3.48	.30 F	9.4	15.0	10.5	10.2	1.00	2.8	02-25-85	247.8	25.9	2.3	2.34	20.08
Bolar Pharm	BLR	39.50	35.00	38.00	-1.13	-2.88	45.25	22.50	-.78	.41	-3.65	-8.50	1.22	.15 Q	12.9	40.0	18.2	29.0	.05	.1	02-08-85	29.1	5.3	7.5	.00	7.41
Bristol-Myers	BMY	61.50	59.63	60.75	-.25	-.41	61.50	43.38	.02	.23	-1.36	12.95	3.45	.42 Q	13.4	20.0	11.3	17.1	1.88	3.1	06-28-85	4189.4	472.4	2.5	.75	15.63
Carter-Wallace	CAR	39.75	37.25	39.75	4.38	12.37	39.75	20.50	.60	.68	.51	8.58	2.66	.29 F	12.2	34.0	5.9	14.9	.52	1.3	04-12-85	348.8	20.7	2.4	1.69	21.87
Forest Labs	FRX	30.00	26.38	27.13	-.13	-.46	30.00	11.25	.99	-.61	-2.86	.56	.73	.19 F	35.2	21.0	16.3	37.2	.00	.0	01-14-83	25.8	4.2	8.3	.28	5.42
ICN Pharm	ICN	10.50	9.38	9.75	.00	.00	11.63	6.75	-.20	.17	.16	-22.76	.00	-.18 Q	-78.3	52.0	1.6	NM	.00	.0	00-00-00	44.8	.7	3.0	2.43	4.50
Key Pharm	KPH	10.25	9.13	10.13	.13	1.25	17.13	8.00	.08	1.56	1.33	42.62	.61	.06 Q	10.9	63.0	14.6	16.6	.20	2.0	03-11-85	151.1	22.1	2.1	1.16	1.67
Lilly Eli Co	LLY	90.38	83.75	85.25	-.25	-.29	90.38	53.00	.34	-.61	1.84	-12.35	6.73	.60 F	9.8	12.0	15.8	12.7	3.20	3.8	05-09-85	3109.2	490.2	1.7	1.63	31.04
Lee Pharm	LPH	6.25	5.63	5.63	-.63	-10.00	9.63	2.13	-.43	-.78	1.49	-11.50	.13	.58 S	NE	16.0	6.2	23.4	.00	.0	00-00-00	8.1	.5	3.0	.20	1.73
Marion Labs	MKC	39.75	35.13	35.25	-2.13	-5.69	39.75	16.50	.18	-1.93	-1.50	28.13	.62	.29 N	51.8	60.0	10.6	41.5	.28	.8	06-14-85	226.4	24.1	2.4	.02	3.52
Merck & Co	MRK	113.50	107.50	111.25	2.63	2.42	113.50	78.25	.25	.35	-.15	29.34	6.71	.60 Q	9.6	7.0	13.8	16.2	3.20	2.9	06-03-85	3559.7	493.0	2.0	2.48	35.29
Morton Thiokol	MTI	34.38	31.13	31.75	-1.63	-4.87	35.50	23.81	.04	-1.07	.93	31.74	2.16	1.89 N	93.1	45.0	5.5	8.1	.64	2.0	05-24-85	2001.5	109.8	1.5	2.94	12.50
Mylan Labs	MYLN	25.38	22.75	25.38	2.63	11.54	25.38	8.34	.11	2.97	-.69	39.14	.52	.32 F	160.0	108.0	23.3	48.8	.05	.2	02-19-85	53.6	12.5	5.9	.09	1.22
Newport Pharm	NWPH	10.88	9.63	10.75	.25	2.38	12.00	2.75	.15	.03	-5.08	-17.96	-.21	.17 N	NE	-10.0	-26.0	NM	.80	7.4	05-23-85	7.7	-2.0	2.6	.22	.93
Pfizer Inc	PFE	50.50	46.88	48.38	-1.63	-3.25	50.88	29.38	.06	.41	-.63	-5.69	3.08	.38 Q	13.5	22.0	13.2	15.1	1.48	3.1	05-20-85	3854.5	507.9	2.3	2.10	15.45
Reid Prov Labs	REID	6.00	4.13	6.00	1.38	29.73	6.00	2.75	.38	3.33	7.57	2.34	.12	-.08 N	-40.0	87.0	6.7	50.0	.04	.7	12-10-84	13.4	.9	3.1	.02	.92
Robins, AH	RAH	18.00	15.75	17.00	-1.25	-6.85	24.38	12.00	-.54	1.30	-.21	-17.21	-18.44	-20.58 Q	-100.0	-96.0	-73.0	NE	.00	.0	11-19-84	631.9	-461.6	1.7	.47	-5.23
Rorer Group	ROR	35.13	33.00	33.50	-.13	-.37	35.13	24.00	.52	-.59	5.39	3.48	2.08	.00 Q	.0	6.0	8.5	16.1	1.12	3.3	05-06-85	522.1	44.3	1.9	2.18	11.07
Scherer RP Co	SCHC	11.38	11.00	11.13	-.13	-1.11	12.38	8.63	-.16	.38	-3.13	9.95	-.43	-.95 F	-100.0	-17.0	-2.0	NE	.32	2.9	06-12-85	167.4	-3.4	1.9	4.83	11.14
Searle, GD	SRL	58.00	53.88	54.50	.00	.00	65.50	40.25	.29	.22	-.71	-26.92	3.24	.22 Q	6.9	18.0	13.0	15.9	1.00	1.8	05-07-85	1245.8	161.6	2.1	3.46	17.37
Squibb Corp	SQB	63.50	59.13	59.13	-4.00	-6.34	64.63	41.88	-.06	-.52	-1.46	-1.96	3.68	.41 Q	12.2	22.0	10.5	15.7	1.76	3.0	05-13-85	1886.0	197.2	2.3	3.74	24.87
Sterling Drug	STY	34.25	30.63	31.00	-2.50	-7.46	34.25	24.00	.05	-.34	-1.58	18.36	2.37	.14 Q	6.2	5.0	7.8	12.9	1.20	3.9	04-30-85	1827.3	143.4	2.6	1.32	15.34
Syntex Corp	SYN	64.25	60.25	60.88	-1.38	-2.21	65.00	39.88	.07	-.64	.63	-11.31	4.08	-.27 N	-6.2	19.0	14.7	14.6	1.92	3.2	05-13-85	916.5	134.6	2.1	5.36	18.81
Thompson Med	TM	16.50	15.38	15.75	-.50	-3.08	25.63	13.25	.48	.39	.51	-12.06	2.20	-.09 Q	-4.5	42.0	10.8	8.3	.40	2.5	03-25-85	197.2	21.2	4.3	.00	7.09
Upjohn Co	UPJ	112.50	103.00	105.25	-2.00	-1.86	113.88	45.00	.56	-.57	-1.20	6.72	5.67	-.69 Q	-11.7	.0	8.0	20.2	2.56	2.4	04-01-85	2179.1	173.3	1.7	12.47	37.00
Warner-Lambrt	WLA	42.25	40.38	41.25	.00	.00	42.25	28.75	.22	.28	-.56	.20	2.81	.28 Q	10.7	7.0	7.1	14.3	1.48	3.6	05-06-85	3166.7	223.9	1.7	6.47	18.18
Zenith Labs	ZENI	43.75	39.50	43.75	1.75	4.17	45.25	8.66	-.11	2.37	-5.61	21.44	.56	.52 Q	120.9	117.0	7.7	46.1	.00	.0	03-13-85	37.5	2.9	2.6	.55	3.97

All data is based on sources believed to be reliable, but its accuracy is not guaranteed. Every effort will be made to correct errors, when discovered, in future issues.

Footnotes:

NA - Not Applicable
NC - Not Calculable
NE - Negative Earnings
NM - No Meaningful Figure
Q - First Quarter
S - First 6 Months
N - First 9 Months
F - Fiscal Year

Data and Table Prepared by Media General Financial Services, Inc., Richmond, Virginia 23219

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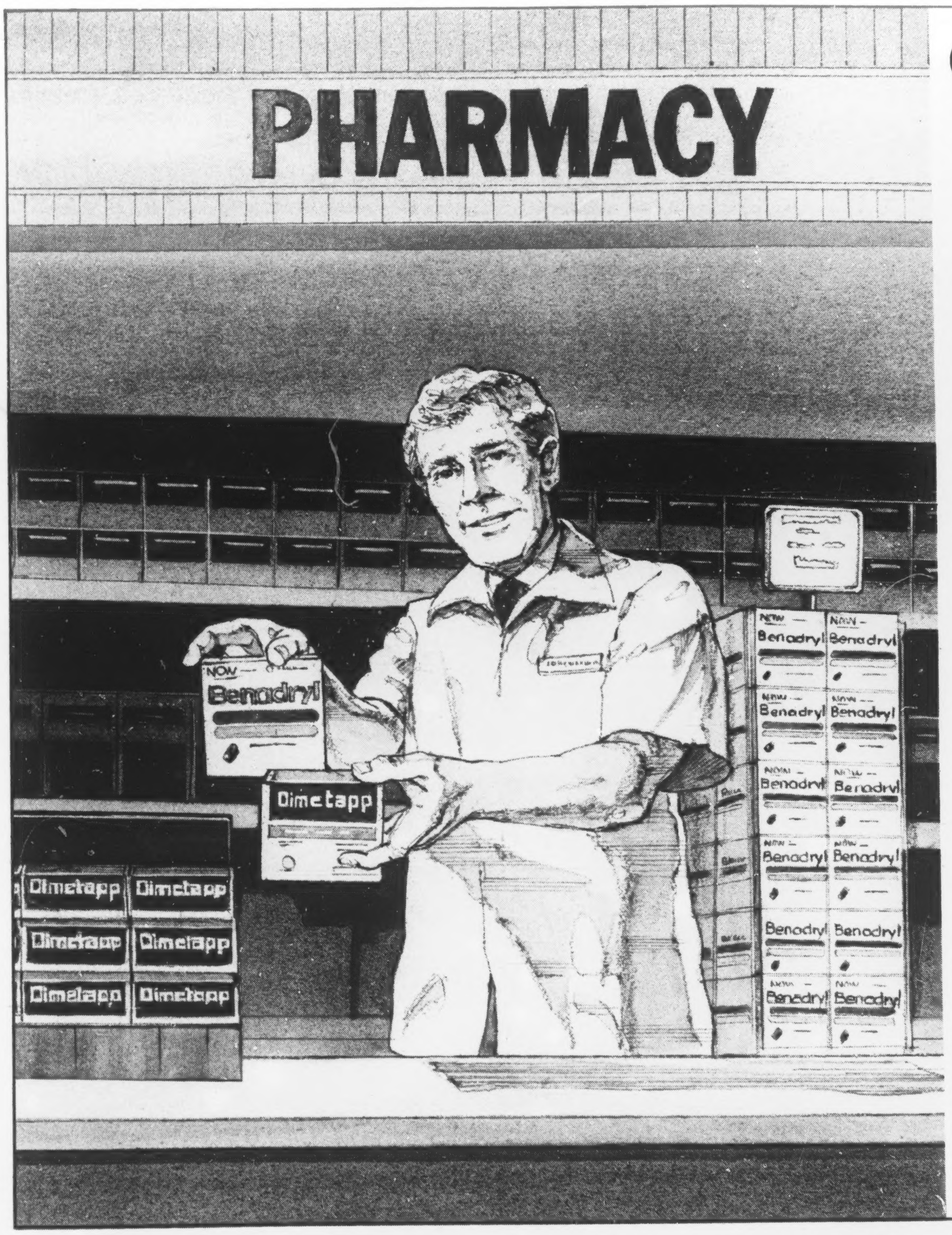


OTC conversions to bolster health of cough/cold

With two more top-selling prescription cough/cold and allergy products going over the counter this year, drug retailers are expecting another blockbuster year from the cough/cold category.

This year's new entries include Dimetapp, the cold and allergy product from A. H. Robins, and Benadryl, the antihistimine and antihistimine/decongestant from Parke-Davis.

Both Dimetapp and Benadryl join a cough/cold/allergy category that has undergone a radical transformation in recent years as a result of the Rx to OTC conversions of such hot-performing prescription drugs as Actifed, Drixoral and Sudafed.

So successful have these conversions been that last year Actifed and Drixoral each had two of the top 10 selling OTC products in dollar sales, according to the *Drug Store News* Top 100 OTC List.

Retailers are betting that Dimetapp and Benadryl will follow in Actifed and Drixoral's footsteps. But their grand entry may also accelerate the passing of a number of perennial favorites in the department. Some buyers already have begun weeding out some of the unproductive cough and cold products to make room for the newcomers.

Since its introduction in 1961, Dimetapp has racked up an impressive record as one of the most frequently prescribed cold remedies for both adults and children. According to Robins, approximately 146 million prescriptions were written for Dimetapp from 1973 to 1983, compared with 123 million for Actifed and 55 million for Drixoral.

Robins expects that as an OTC drug, Dimetapp will probably generate four times the estimated $54 million it did in sales as an Rx product. The company believes that Dimetapp's market share after its first year as an OTC product, could fall somewhere between Actifed's 5.1% share and Drixoral's 7.4% after their first year as OTC.

To capture that kind of market share, Robins will support Dimetapp with an extensive television and print budget during the cold season that will well exceed $5 million.

Continued on page 14

Differing plans used to raise feminine hygiene sales

In 1984, according to A. C. Nielsen, food stores commanded 60% of the sanitary napkin market, down 2 share points since 1983, while drug stores trailed, a distant second, with 25.5% share, up 0.5% over the previous year.

With the flurry of new sanitary napkin products on the market and limited shelf space, chain drug stores are going in two directions to maintain their share of the market. Some are cutting back drastically on slow-moving sku's and hoping to lure shoppers looking for convenience, while others are providing a huge selection in an attempt to nab shoppers who would otherwise buy pads in food stores.

Major surgery is now being carried out at Fay's, where buyer Ray Meissner last year added 33 sku's of pads. He is now cutting back on slow-moving sku's like minipads and some of the 12 and 48 sizes, in other pad lines. Other buyers agree that the sku's they added last year are beginning to thin out on their own and cutbacks are being made based on consumer response.

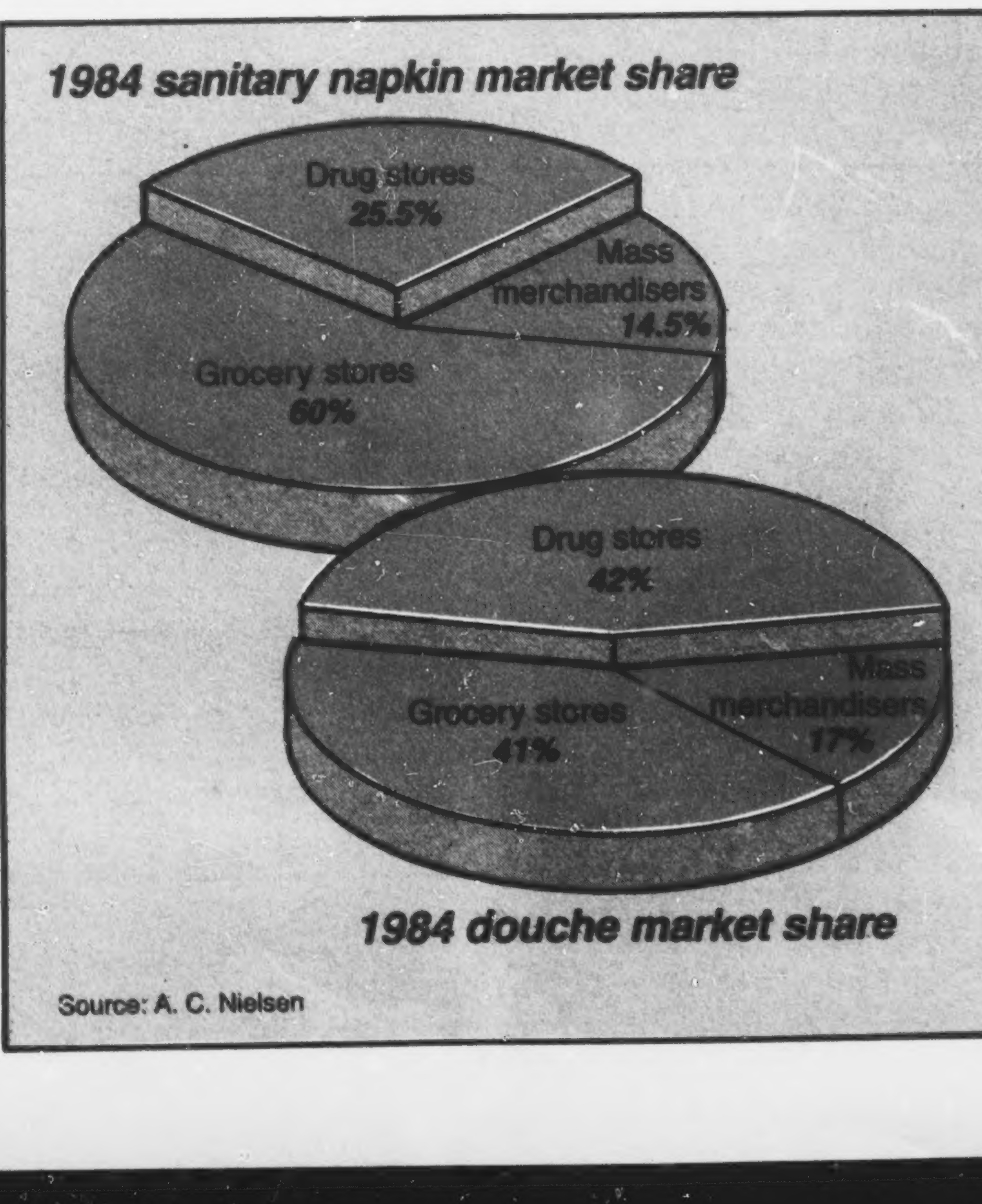
But Ribordy Drugs based in Valparaiso, Ind., buyer John Weal has taken a different tack. "We believe that selection is the key because the customer is so confused by all of the various types of napkins on the market," he told *Drug Store News*. "Until we can make some wise decisions, we don't want to cut out any wrong sku's, and lose part of our business," he added.

In order to accommodate 95% of all the sku's on the market—about 87 according to Weal—Ribordy has reduced all pad products, except private label, to one facing.

Currently the $930 million sanitary napkin market breaks down into four categories: superabsorbent thin maxis; pantyliners; full-size thick, and minipads. According to a report by Salomon Brothers, superabsorbent thins are the growing market with a 30% share, while the market for minipads is steadily declining.

A survey of buyers at Ribordy, Sentry, Page and Fay's and other chains confirmed that the minipads are dying while the superabsorbent-thin pads are moving well. But buyers agree that the public needs to be more educated about the convenience of the superthin maxi pads.

Continued on page 15


1984 sanitary napkin market share

1984 douche market share

Source: A. C. Nielsen

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Feminine hygiene plans

Continued from page 13

In the $420 million tampon market, most buyers report that there has been no great decline in sales following the recent voluntary recall of tampons containing polyacrylate. The fiber has been shown to remove magnesium in the vagina, according a Harvard research group, funded by a $4 million research grant from Tambrands. The metal increases production of the bacterial toxin that causes toxic shock syndrome.

Playtex had to scramble to reformulate its entire tampon line to remove polyacrylate from its products, while Tambrands had to recall only its Super Plus brand.

Both companies, which together command the lion's share of the tampon market, have recently launched new products. Tambrands brought out its three-sku line, Petal Soft, which has a plastic applicator, in January. And Playtex fought back with its early 1985 launch of Slender Regular for younger women. Retailers report fairly good sales in both of these lines.

To offset the poor 15% margins in menstrual products, drug chains are stocking up on the other items in the feminine hygiene department that yield higher margins. These items include douches, contraceptives, which can yield 35% to 40% gross margins, vaginal itch creams and menstrual cramp remedies. Some chains also carry ibuprofen, which is cross merchandised in cough/cold.

Some chains are also beginning to separate pregnancy testing kits, contraceptives like the Today sponge and other related items into a family-planning section. Said one chain buyer, "The growth in contraceptives and pregnancy kits have made it logical to group these products separately to increase their profitability hygiene."

On the new product scene, some buyers report that they are beginning to pick up a new contraceptive called VCF, for vaginal contraceptive film, by Apothecus Company.

Napkin entry rattles mkt.

A major battle developed in the $930 million sanitary napkin market last year after Procter & Gamble's mid-1984 launch of Always, a nine-sku line backed by $100 million in advertising that included sampling to 60 million households.

Now that the dust has settled, analysts say that P&G probably didn't make a profit on the brand. George Adler, vp at Smith Barney, says that Always captured about 15% of the market, which was not enough to turn a profit in the first year.

Nevertheless, P&G did send a shudder through the industry, forcing napkin leaders Johnson & Johnson and Kimberly-Clark to lose market share. Both companies, which together once controlled most of the market, had already lost some leverage after Tambrand's 1982 Maxithin launch.

Adler estimates that in 1984 Johnson & Johnson brands—Silhouettes, Stayfree, Assure and Sure & Natural, captured a 38% share, down almost 20 share points since 1981. Kimberly-Clark's Kotex and New Freedom earned a 27% share; Tambrand's Maxithins garnered an 8% share. The remaining shares go to private label.

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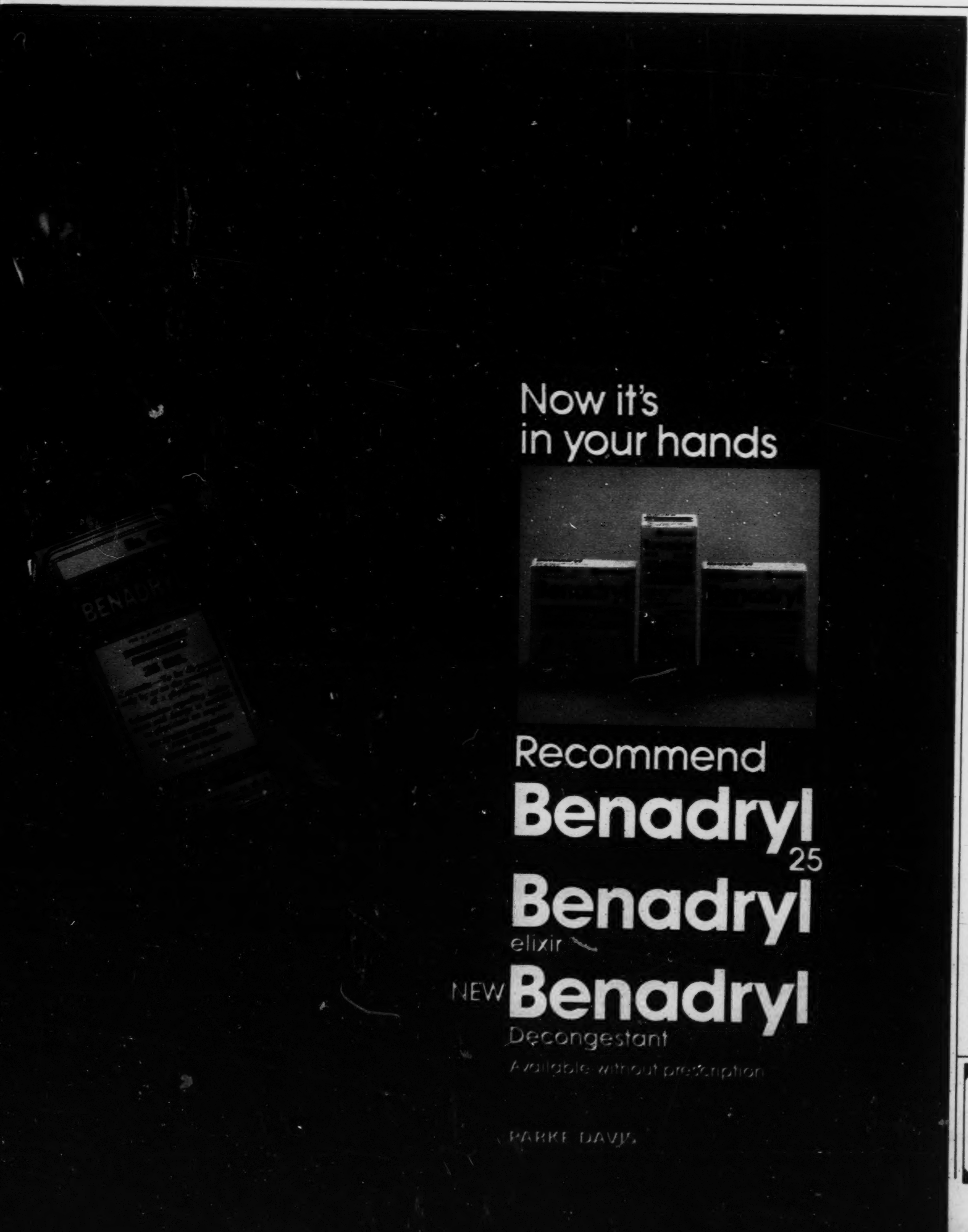
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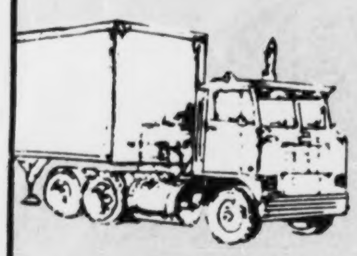

Special report:
Triple A Product Study—p. 29

Pharmacy:
HCFA proposes generics incentive plan—p. 77

Independent profile
Vaupen Drugs hones competitive edge—p. 6

DRUG STORE NEWS®

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Drug chains trim down to fighting weight

Eckerd to shed electronics, department store chains

By Bruce Buckley

CLEARWATER, Fla. — In rapid succession, Jack Eckerd Corp. announced that it had negotiated deals to sell off American Home Video, its chain of 207 electronics specialty stores, and JByrons, the 55-unit Florida junior department store chain.

In shedding the two problem subsidiaries, Eckerd positioned itself to concentrate on its core drug store business, which generates almost 90% of the corporation's more than $2.6 billion in sales.

Both transactions are expected to be completed in August.

Stewart Turley, chairman and ceo, said the sale of the two companies plus the sale of Eckerd Apparel announced earlier was "part of the corpo-

Continued on page 98

Eckerd moves draw applause

Wall Street analysts were generally favorable about Jack Eckerd's "housecleaning."

"It releases capital," said Margaret Gilliam of First Boston. "It allows the company to concentrate on its basic business."

Others, noting the recent third-quarter de-

Continued on page 98

Rite Aid to sell Circus World, close Heaven variety stores

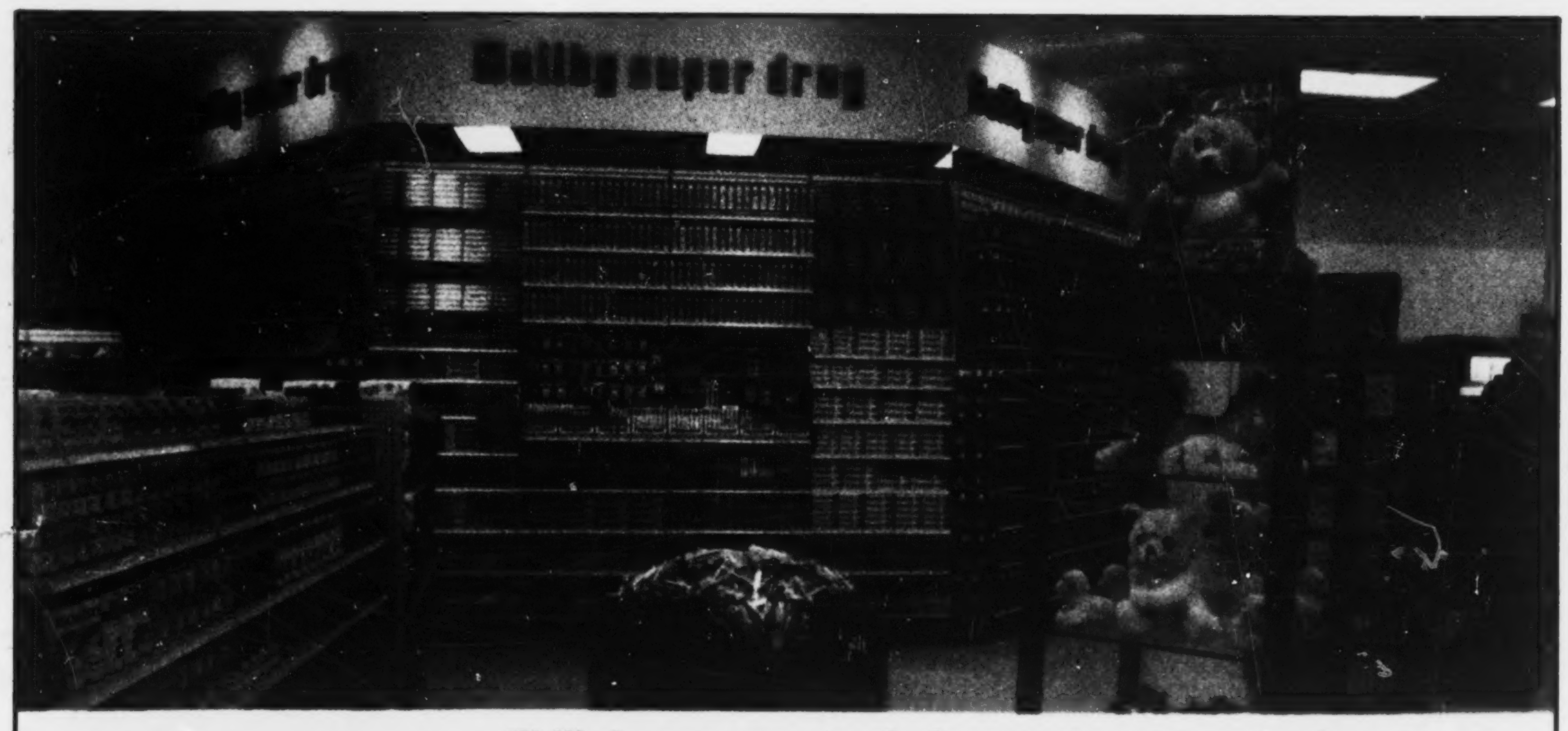
SHIREMANSTOWN, Pa. — Rite Aid Corp., in a surprise move, said it had agreed to sell its 189-unit Circus World chain of toy stores to Greenman Brothers Inc. for approximately $35 million and 185,000 shares of Greenman Brothers stock.

At the same time, Rite Aid announced that it would close its nine Heaven contemporary variety stores.

The Shiremanstown, Pa.-based chain said it would take a one-time charge of 8¢ to 11¢ a share to cover losses relating to the sale of Circus World and closing the Heaven stores.

Martin Grass, senior vp, told *Drug Store News* that the company had decided to sell the toy chain and close the Heaven stores because it wanted to put its major effort

Continued on page 98



Off to the races Wellby's new race track format store promotes four-corner penetration by shoppers. See story on page 3.

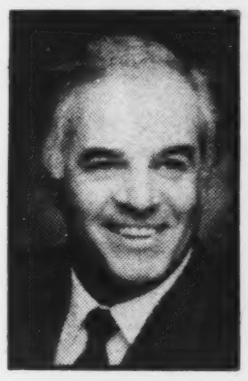
Vons exec appointments reflect drug commitment

By Lou Karney

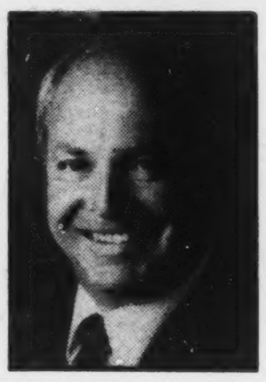
EL MONTE, Calif. — By hiring two former drug chain executives, Vons Grocery Co., has signaled a stepped-up commitment to pharmacy and OTC in its Value Center food/drug combos.

A month after appointing Carl Vitalie to vp of pharmacies, Vons named Tony Fanticola vp-general merchandise and H&BA.

From 1967 until 1985, Fanticola was corporate director of merchandising for SupeRx.



Fanticola



Vitalie

Vitalie comes to Vons after 19 years with Sav-On. He was vp of professional services since 1974. In addition to serving on the state board of pharmacy, Vitalie was staff attorney of American Pharmacies Association.

At present, Vons operates 180 stores in southern and central California and Nevada. Of these, 43 are Value Centers (36,000 to 40,000 sq. ft.), and 32 Value Centers have pharmacy departments.

Vitalie told *Drug Store News* that he is formulating a program for Vons pharmacies, but would not specify the details.

In its annual report for calendar 1984, Household International Inc., Vons' parent, noted that "all new supermarkets are Value Centers and wherever possible, smaller stores are being expanded to the Value Center concept."

Does this mean that all new Value Centers will have pharmacies? Dan Granger, Vons' vp-marketing, would not comment. However, industry observers feel that the current ratio of pharmacies in Value Centers (75%) will be increased.

Continued on page 97

Peoples to expand Hardee's franchises

ALEXANDRIA, Va. — Peoples Drug Stores, which has been testing a Hardee's Hamburger franchise for the past seven months, has decided that it likes the taste of the fast-food business.

The drug chain will expand its franchise holdings to "as many good locations next to existing Peoples stores as we can find," said Joe Pollard, vp advertising.

The seven-month test with two existing Hardee's franchisees, both operating in space sliced out of two of Peoples supersized Washington drug stores, has proven that both the drug stores and the fast-food restaurants can make money sharing a common location.

In addition, both Peoples and its Hardee's sister division can benefit synergistically from the relationship. Hardee's, which has about 16 stores in the Washington market now, can expand much faster tying-in to locations already secured by Peoples, while the drug chain can make more money operating 3,000 sq. ft. of space as a Hardee's than it can by continuing to operate that space as part of an existing drug store.

Icing the cake is the fact that all sales and profits from the fast-food franchise are found money. According to Pollard, the two drug stores in College Park, Md., and Bellview, Va., that served as test sites for Hardee's, continued to generate the same sales and profits after the conversion.

"The same store sales in the drug stores aren't up to anything we can measure," said Pollard, "but if you drop 3,000 to 4,000 sq. ft. and you still stay even on sales and profits, you're ahead."

Hardee's®

According to Pollard, the roi for the fast-food stores are "about the same" as the drug stores, with the drug stores doing perhaps a "little bit better than the restaurants."

According to *Drug Store News*' sister publication, *Nation's Restaurant News*, the typical fast-food hamburger restaurant operates on a 20% gross margin with roi also in the vicinity of 20%.

Continued on page 98

TE NEWS....LATE NEWS....LATE NE

RITE AID CORP. reported that net income for the first quarter ended June 1 declined 30.8% to $9.3 million, or 23¢ a share, from $13.5 million, or 32¢ a share, in the same period last year. However, net income from continuing operatings increased slightly to $14.7 million from $14.65 million. Sales were up 17.8% to $367.1 million.

Revco's new tabloid promotes

page 26

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page 71

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Revco to retain Carls as separate division

By Marjorie Shaffer

TWINSBURG, Ohio — In a move that surprised some observers in the chain drug industry, Revco announced that it will be keeping Rome, N.Y.-based Carls Drug intact.

Sidney Dworkin, Revco's chairman and ceo, said that the upstate New York chain, which also operates one store in New Hampshire and one store in Vermont, "will continue to operate under the Carls' name as a separate division of Revco, retaining their format as a promotional drug chain."

The announcement quelled rumors that Revco would convert the 42-store chain into a Get It For Less deep-discount operation and inject Odd Lot merchandise into the mix. Carls drug stores are typically 12,000 to 15,000 sq. ft., about 40% larger than the average 7,800-sq.-ft. Revco store.

Asked why Revco had decided to retain Carl's highly promotional format, which is at odds with Revco's everyday low-price strategy, Dworkin said that "it's doing very well [in terms of earnings and sales] so why should we fix it?" In contrast, Skillerns, the last major drug chain Revco acquired, "was losing a lot of money," said Dworkin. That $55 million transaction gave Revco a major foothold in the previously untapped Dallas market, but it also cost Revco a chunk of money to reverse Skillern's $4 million losses. Skillern's, a promotional chain, was converted into Revco discount drug stores.

On the other hand, Carl's financial picture is considerably healthy. Sales were over $83 million in 1984. Moreover, when Boston-based Pneumo Corp. acquired the chain in 1980, it launched a major remodeling and merchandising program which transformed Carls into a modern drug chain. IC Industries acquired Carls and P&C Food Markets last October when it purchased Pneumo for $560 million in cash and common stock.

Asked about expansion plans, Dworkin said, "We didn't buy Carls to let it sit still. We will expand wherever Carl's expansion plans are indicated and we will also add some of our own thoughts about where to go."

Neil S. Roth will continue as Carls president, reporting to Revco president and coo, Wil-

Continued on page 97

NEWS IN BRIEF

Revco launches 3rd Get It For Less

TULSA, Okla. — Revco opened its third Get It For Less deep-discount store here on July 15.

Revco's second Get It For Less opened earlier this year in Minneapolis. The first unit opened in Memphis in 1983.

In an earlier interview with *Drug Store News* Budd Dworkin, sr. vp marketing, said that the chain would open three more Get It For Less stores this year in markets where the format will not compete with conventional Revco outlets. Memphis, Minneapolis, and now Tulsa are all areas where the company does not operate Revco drug stores.

Sidney Dworkin, Revco's chairman and ceo, said the Tulsa store will be similar to the 23,000-sq.-ft. Minneapolis mall location.

In Tulsa, only one other deep-discount store is currently operating—The Drug Warehouse run by Tulsa-based May's Drug.

Walgreens: June sales up 12.1%

DEERFIELD, Ill. — Walgreen Co. said June sales increased 12.1% to $254.8 million from $227.2 million in the same month last year. "Our June prescription sales were excellent," said Charles R. Walgreen III, chairman. "The category continues to benefit from the Intercom pharmacy computer system and strong generic sales."

Walgreen said that customer counts have been "steadily increasing in established stores"—those open two years or more. Calendar year-to-date sales were up 15.1% to $1.54 billion.

Sentry moves Ways & Means merch.

ROMULUS, Mich. — Sentry Drug Stores is injecting merchandise from its Ways & Means specialty store, a joint venture with Citrin Corp., into 10 of its conventional drug stores. Sentry opened the Ways & Means outlet earlier this year in Birmingham, Mich.

The Ways & Means merchandise being placed in the drug stores consists of up to 300 of the best-selling items specifically designed to help people perform everyday tasks more easily.

According to Chuck Fugate, Sentry's vp of operations, the merchandise is being placed in sections ranging from 32 linear feet to 64 linear feet. The Ways & Means department is being placed adjacent to pharmacy.

Sentry plans on opening five drug stores this year bringing the total store count to 22. The store now operates 18 drug stores and one Ways & Means outlet.

INDEX

Baby seminar 71
Classified 96
Editorial. 4
Financial 6
Merchandise News 96
People 10
Pharmacy. 77
Product Update. 95
Triple A product study 29

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Vol. 7, No. 16 July 22, 1985

Kerr's largest growth spurt spawns 25% more N.C. stores

RALEIGH, N.C. — Kerr Drugs plans to increase its penetration into western North Carolina in an ambitious expansion program that will up the chain's total store count by 25%.

At the end of the year, the Raleigh, N.C.-based chain plans to open 12 stores, increasing the number of operating units to 59 from 47. The 25% growth in store units, financed by internally generated funds, is the largest expansion program in a 12-month period in Kerr's 25-year history.

Kerr is targeting western North Carolina for the majority of the new stores, an area where the chain currently has poor penetration.

Charlotte (pop. 336,893), North Carolina's largest city, is where Kerr is currently concentrating much of its growth. Kerr will open three stores this year in Charlotte, where previously it had none. One store opened at the end of May, and the two others are scheduled to open shortly.

"This is our first entry into Charlotte, and the company will continue to grow in that market," said Charles Maready, Kerr's executive vp. "We chose this time to expand our base of stores because of the rapid growth of North

Continued on page 98

Peoples eyes mega-optical unit

ALEXANDRIA, Va. — Peoples Drug Stores, which has already diversified into deep-discount drug stores, freestanding and in-store optical departments, and fast-food restaurants, is considering opening a mega-optical store featuring hundreds of high-priced fashion eyeglass frames.

The concept, similar to Eckerd's Vision Works, which opened last year in Tampa, is under consideration now, and a possible test unit may open before the year is out.

"We've done very well with our eyeglass centers per se," says Peoples vp of advertising Joe Pollard, "and we can see that there's a potential to make money with a mega-store. People are more fashion-conscious today, and many people buy more than one pair of eyeglasses."

Peoples currently operates about 55 conventional optical stores both inside and adjacent to existing Peoples drug stores. The company hires its own opticians and ophthalmologists, maintains its own labs and grinds lenses.

If Peoples does open a mega eyeglass store, that would be in line with the company's recent trend toward retail diversification. In addition to its in-store and freestanding optical centers, Peoples is also experimenting with deep-discount stores, Bud's, and a Hardee's franchise.

"We're diversifying because we want to make money," says Pollard. "You try to expand in any way you can with the type of organization that you have.

"Our main business is still drug stores. We have 800 of them. But there's no harm in learning little things on the side as long as you can make money on them."

NACDS strongly supports a fairer and simpler tax code for all Americans and is playing an active role through its lobbying and coalition efforts to achieve that objective.

Jim Harrison
NACDS chairman

Harrison seeks support for Reagan tax proposal

HOUSTON — Jim Harrison, president of Harco Drug and chairman of the National Association of Drug Stores, speaking from the podium of this year's NACDS cosmetics show, called on industry members to strongly support President Reagan's proposed income tax reforms.

Calling the proposed reforms "a needed program whose time has surely come," Harrison said it was particularly important for the industry to be assertive in support of the president because his proposed reforms "will surely receive heavy criticism from many special interest groups."

Harrison reminded the audience of chain executives and cosmetics H&BA manufacturers that the president's proposal would "lower tax rates by eliminating or reducing many existing tax credits, deductions and exclusions that would set individual tax rates at 15, 25 and 35%." Corporations, he also pointed out, would be taxed at a flat 33%.

He said these amendments would create "a level playing field for all American industries" and would also be a "welcome relief to retailers who have long been among the highest effective tax rate payers in this country."

Harrison stressed that the average effective tax rate for all industries in this country is 16.7%. "Compare that," he said, "to our industry where the highest effective tax rate exceeds 40%.

"It is obvious," he said "that tax preferences for the few create higher taxes for the many."

Harrison concluded by saying that the NACDS "strongly supports a fairer and simpler tax code for all Americans and is playing an active role through its lobbying and coalition efforts to achieve that objective."

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FINANCIAL

Congress urged to reject beer territory bill

WASHINGTON — Consumer activists and antitrust enforcement officials joined representatives of the nation's drug chains in urging Congress to reject legislation which could prompt sharp price increases for beer and other malt beverage products.

Testifying at Senate Judiciary Committee hearings late last month, officials from the Consumer Federation of America warned that proposals legalizing anticompetitive exclusive territorial restrictions on beer distributors could result in overnight price hikes of 20% to 30% to retailers.

Other witnesses at the Senate hearings—including antitrust policy makers from both the Federal Trade Commission and the Justice Department—called the beer industry proposal a "dangerous" attempt to "weaken competition . . . by facilitating collusion among [malt beverage] distributors."

Those charges echoed earlier criticisms from the National Association of Chain Drug Stores, which is working with other retail groups to short-circuit the pending legislation.

According to NACDS officials, the Beer Bill would effectively eliminate competition between malt beverage wholesalers by allowing brewers to force retailers to purchase only from a single designated distributor.

Similar "exclusive territory" laws have already been adopted in a number of states, and studies of the impact of those statutes support the chain drug industry's concerns.

One government price survey found that the cost of beer jumped 30% in 10 months following the adoption of exclusive territories in New York City, while a separate study reported that Indiana beer prices dropped 20% since wholesale territorial restrictions in that state, CFA executive director Stephen Brobeck told Congress.

The Justice Department's acting antitrust chief, Charles Rule, stressed that his opposition to the Beer Bill does not reflect opposition to exclusive territories in general, however.

State antitrust officials also testified against the Beer Bill at last month's Senate hearings.

Begley sales rise 7.6%

RICHMOND, Ky. — The Begley Co. recorded an increase in sales and a decline in net profits for the year ended March 31.

Sales for the year rose 7.6% to $66.1 million, while net income dropped 5.3% to $694,843.

Robert J. Begley, chairman and president, said the reason for the earnings decline was the decision "to adopt and follow a program of expansion" in the company's industrial division.

		STOCK PRICE							TREND TO MARKET				EARNINGS/SHARE					P/E	DIVIDENDS			FINANCIAL POSITION				
		From 6/14/85-7/1/85							Price Trend (% per day)		Volume Trend (% per day)			Latest 12 Months vs Preceding 12 Months Change					Indicated Dvd. rate			Last Fiscal Year			Last Fiscal Year (Per Share)	
					Change		52-Week																			
Name	Symbol	High	Low	Close	Amt	Pct	High	Low	Last 30 Days	Last 5 Days	Last 30 Days	Last 5 Days	Last Fiscal Year	Amt.	Pct	5-Year Annual Growth Rate	Profit Margin	Latest P/E Ratio	Amt.	Yield	Last X-Dvd. Date	Revenue	Earnings	Current Ratio	Long Term Debt	Common Stock Equity
-	-	$	$	$	$	%	$	$	%	%	%	%	$	$	%	%	%	-	$	%	-	$ Mil	$ Mil	-	$	$
Chain Store transactions																										
Am Stores	ASC	67.50	63.50	66.75	2.75	4.30	67.50	31.88	.57	-.51	-1.56	-14.39	5.71	1.86 Q	49.7	82.0	1.5	11.9	.64	1.0	06-17-85	12118.8	185.5	1.2	37.93	21.40
Begley Co	BGLY	17.63	16.63	17.00	.38	2.26	17.63	14.50	.04	-1.11	-6.33	-23.08	1.33	-.30 N	-20.4	-8.0	1.1	14.5	.72	4.2	04-15-85	61.5	.7	1.9	15.55	18.26
Big B	BIGB	17.13	16.75	16.75	-.38	-2.19	19.50	8.88	-.36	-.91	-9.36	-14.48	.68	.14 Q	25.0	29.0	3.0	23.9	.00	.0	09-21-83	148.1	4.4	2.3	1.20	4.58
Drug Sys	DRGS	5.25	4.00	5.13	.38	7.89	5.63	3.25	-.14	1.63	2.48	-7.39	.56	-.25 N	-38.5	NC	2.1	12.8	.60	11.7	05-09-85	82.3	1.7	3.0	1.28	5.84
Eckerd, Jack	ECK	29.88	27.50	29.25	1.25	4.46	32.88	20.00	.56	.19	-6.95	-2.10	2.27	-.03 N	-1.4	3.0	3.3	13.6	1.04	3.6	06-10-85	2622.5	85.4	2.0	2.52	16.47
Fay's Drug	FAY	9.88	9.13	9.50	-.13	-1.30	13.00	8.75	-.08	-.47	-1.45	-7.25	.62	-.06 Q	-9.5	49.0	2.4	16.7	.20	2.1	06-24-85	366.7	8.7	1.8	1.65	4.28
Genovese Drug	GDX	14.38	10.25	13.25	2.88	27.71	16.63	9.13	-.09	3.36	2.84	-6.30	1.03	-.13 Q	-12.7	55.0	1.9	14.9	.20	1.5	06-13-85	220.3	4.1	1.7	2.06	5.73
Longs Drg Strs	LDG	31.00	26.00	30.88	3.88	14.35	31.00	18.25	.08	.32	3.00	-16.96	1.88	.18 Q	10.3	12.0	2.9	16.1	.72	2.3	05-29-85	1375.8	40.1	2.1	.00	12.23
Medicare Glaser	MGCO	5.00	4.25	5.00	.50	11.11	7.00	3.50	-.07	.13	-3.19	-37.73	.05	-.38 F	-88.4	25.0	.2	NM	.00	.0	00-00-00	81.7	.2	2.2	3.58	3.52
Perry Drug	PDS	21.38	19.50	21.25	1.25	6.25	22.13	14.00	.25	-.09	-1.23	-11.13	1.26	.10 S	8.8	17.0	2.1	17.1	.28	1.3	05-20-85	370.3	7.6	1.5	2.40	10.60
Revco Drug	RDS	26.13	24.63	25.00	-.13	-.50	32.88	22.50	.11	-1.39	-.49	4.04	2.54	-.45 N	-18.6	17.0	4.2	12.7	.80	3.2	06-10-85	2227.5	93.4	2.1	1.08	12.22
Rite Aid Corp	RAD	27.25	23.50	26.25	.13	.48	33.50	19.75	-.59	-.13	2.93	-13.99	1.69	.22 F	15.0	11.0	5.4	15.5	.50	1.9	04-09-85	1297.1	69.9	2.3	.49	7.68
Thrifty Cp	TFD	22.00	20.63	21.88	.88	4.17	22.88	14.25	.22	.62	-2.97	31.87	1.40	.24 S	18.8	21.0	2.1	14.4	.60	2.7	05-06-85	1299.3	27.9	1.5	4.46	7.72
Walgreen Co	WAG	28.50	26.50	27.50	.13	.46	30.25	17.25	-.12	-.87	-.48	-33.78	1.39	.20 S	15.5	31.0	3.1	18.5	.44	1.6	05-14-85	2744.6	85.4	1.7	.87	6.76
Wholesaler's transactions																										
Bergen Bruns	BBCA	30.88	28.38	29.13	.13	.43	30.88	19.88	.20	-1.76	2.32	5.77	1.57	.53 N	34.2	27.0	1.2	14.0	.32	1.1	04-25-85	1703.4	19.7	1.6	1.08	11.11
Bindley Wstn	BIND	14.00	13.25	13.75	-.25	-1.79	15.00	9.00	.10	-.46	-1.10	-45.91	.73	.16 Q	26.7	39.0	.8	18.1	.00	.0	05-01-85	566.7	4.7	1.4	.08	5.46
Cardinal Distrb	CDIC	17.75	16.50	17.25	.63	3.76	18.50	10.91	.05	-.09	-.69	19.32	1.01	.09 F	9.8	NC	1.2	17.1	.08	.5	06-25-85	320.0	3.7	1.8	.92	5.91
Durr Fillauer	DUFM	13.50	13.00	13.25	-.16	-1.17	14.19	8.69	-.16	-.41	2.82	-19.13	.74	.15 Q	23.4	22.0	1.7	16.8	.18	1.4	05-20-85	341.7	5.8	2.3	1.21	6.05
McKesson Cp	MCK	48.25	46.38	47.00	.00	.00	50.00	34.63	.24	-.41	.27	22.14	3.78	-.42 N	-10.7	-1.0	1.6	13.4	2.40	5.1	05-28-85	4260.0	68.7	1.4	10.45	30.25
Foxmeyer Cp	FXM	26.13	24.63	24.88	-1.38	-5.24	29.75	21.00	-.11	-1.15	-4.09	-15.14	1.56	.29 F	22.8	60.0	1.3	15.9	.00	.0	00-00-00	717.1	9.0	2.0	3.95	11.86
Ketchum	KCH	23.88	20.25	22.13	1.25	5.99	23.88	10.09	1.25	-.48	.54	-37.35	.77	-.46 N	-49.5	100.0	.3	47.1	.00	.0	09-24-84	245.1	.8	1.5	6.37	6.74
Owens & Minor	OBOD	23.00	21.50	23.00	1.25	5.75	23.25	12.00	.22	.96	-3.47	-9.20	1.43	.17 Q	12.3	49.0	1.2	14.8	.40	1.7	06-10-85	306.7	3.6	3.0	8.02	12.81
Manufacturer's transactions																										
Abbott Labs	ABT	58.38	55.13	58.00	2.88	5.22	58.38	36.75	.24	-.38	2.55	.31	3.34	.49 Q	16.5	26.0	13.0	16.8	1.40	2.4	07-09-85	3104.0	402.6	1.9	3.91	13.33
Am Home Prod	AHP	64.13	62.25	63.88	.88	1.39	66.88	46.75	-.06	-.24	.22	-15.37	4.39	.35 Q	8.5	15.0	15.1	14.3	2.90	4.5	05-07-85	4485.5	675.6	3.4	.26	13.74
Baxter Travenol	BAX	16.75	14.75	15.88	1.00	6.72	18.13	11.75	.16	-.69	5.67	3.79	1.03	-.39 Q	-26.9	6.0	8.1	15.0	.37	2.3	06-04-85	1800.4	145.1	1.6	1.46	7.83
Block Drugs Co	BLOCA	36.00	35.00	36.00	.50	1.41	36.00	24.28	.45	.19	6.67	32.86	3.48	.30 F	9.4	15.0	10.5	10.3	1.00	2.8	06-11-85	247.8	25.9	2.3	2.34	20.08
Bolar Pharm	BLR	43.25	36.75	41.00	4.50	12.33	45.25	22.50	.01	-.93	-2.29	-36.56	1.22	.15 Q	12.9	40.0	18.2	31.3	.05	.1	02-08-85	29.1	5.3	7.5	.00	7.41
Bristol-Myers	BMY	62.25	59.88	61.25	1.00	1.66	62.25	43.38	.01	-.60	-.17	12.39	3.45	.42 Q	13.4	20.0	11.3	17.3	1.88	3.1	06-28-85	4189.4	472.4	2.5	.75	15.63
Carter-Wallace	CAR	40.75	39.00	40.38	1.63	4.19	40.75	20.50	.55	-.05	.43	-16.02	2.66	.29 F	12.2	34.0	5.9	15.2	.52	1.3	04-12-85	348.8	20.7	2.4	1.69	21.87
Forest Labs	FRX	32.50	26.75	31.75	4.88	18.14	32.50	11.25	.48	.13	-2.26	-27.83	.73	.19 F	35.2	21.0	16.3	43.5	.00	.0	01-14-83	25.8	4.2	8.3	.28	5.42
ICN Pharm	ICN	12.25	9.50	10.88	1.25	12.99	12.25	6.75	.46	-.72	4.01	-25.58	.00	-.18 Q	-78.3	52.0	1.6	NM	.00	.0	00-00-00	44.8	.7	3.0	2.43	4.50
Key Pharm	KPH	10.38	9.63	10.38	.63	6.41	17.13	8.00	-.11	.63	.17	10.78	.61	.06 Q	10.9	63.0	14.6	17.0	.20	1.9	06-10-85	151.1	22.1	2.1	1.16	1.67
Lilly Eli Co	LLY	86.88	84.13	86.38	1.88	2.22	90.38	53.00	.08	-.11	-1.20	3.76	6.73	.60 F	9.8	12.0	15.8	12.8	3.20	3.7	05-09-85	3109.2	490.2	1.7	1.63	31.04
Lee Pharm	LPH	5.88	4.63	5.38	-.50	-8.51	9.63	2.13	-.90	2.00	5.07	-6.92	.13	.58 S	NE	16.0	6.2	22.4	.00	.0	00-00-00	8.1	.5	3.0	.20	1.73
Marion Labs	MKC	37.75	33.75	37.00	-.50	-1.33	39.75	16.50	-.01	.38	.25	-4.07	.62	.29 N	51.8	60.0	10.6	43.5	.28	.8	06-14-85	226.4	24.1	2.4	.02	3.52
Merck & Co	MRK	115.50	108.00	112.13	3.50	3.22	115.50	78.25	.18	-.54	.01	1.01	6.71	.60 Q	9.6	7.0	13.8	16.4	3.20	2.9	06-03-85	3559.7	493.0	2.0	2.48	35.29
Morton Thiokol	MTI	34.25	31.13	33.75	1.63	5.06	35.50	23.81	-.09	.38	4.67	9.75	2.16	1.89 N	93.1	45.0	5.5	8.6	.64	1.9	05-24-85	2001.5	109.8	1.5	2.94	12.50
Mylan Labs	MYLN	25.38	23.75	24.00	-.75	-3.03	25.38	9.06	.21	-.63	-.93	-10.56	.52	.32 F	160.0	108.0	23.3	46.2	.05	.2	02-19-85	53.6	12.5	5.9	.09	1.22
Newport Pharm	NWPH	10.75	10.00	10.25	-.25	-2.38	12.00	2.75	.03	-1.58	-6.95	8.86	-.21	.17 N	NE	-10.0	-26.0	NM	.80	7.8	05-23-85	7.7	-2.0	2.6	.22	.93
Pfizer Inc	PFE	51.25	47.63	49.00	1.13	2.35	51.25	29.38	-.04	-.79	-2.53	-5.17	3.08	.38 Q	13.5	22.0	13.2	15.3	1.48	3.0	05-20-85	3854.5	507.9	2.3	2.10	15.45
Reid Prov Labs	REID	6.63	5.25	6.50	1.25	23.81	6.63	2.75	1.09	3.21	4.08	-3.28	.12	-.08 N	-40.0	87.0	6.7	54.2	.04	.6	12-10-84	13.4	.9	3.1	.02	.92
Robins, AH	RAH	17.88	16.63	17.63	.75	4.44	24.38	12.00	-.50	.63	-2.97	-17.41	-18.44	-20.58 Q	-100.0	-96.0	-73.0	NE	.00	.0	11-19-84	631.9	-461.6	1.7	.47	-5.23
Rorer Group	ROR	37.38	33.00	36.38	2.38	6.99	37.38	24.00	.58	.31	3.80	-6.33	2.08	.00 Q	.0	6.0	8.5	17.5	1.12	3.1	05-06-85	522.1	44.3	1.9	2.18	11.07
Scherer RP Co	SCHC	11.25	10.75	11.13	-.13	-1.11	12.38	8.63	-.20	.09	-1.98	-12.00	-.43	-.95 F	-100.0	-17.0	-2.0	NE	.32	2.9	06-12-85	167.4	-3.4	1.9	4.83	11.14
Searle, GD	SRL	54.88	52.25	53.50	-1.13	-2.06	65.50	40.25	-.17	-.32	-2.81	4.84	3.24	.22 Q	6.9	18.0	13.0	15.6	1.00	1.9	05-07-85	1245.8	161.6	2.1	3.46	17.37
Squibb Corp	SQB	64.00	59.13	63.75	2.13	3.45	64.63	41.88	-.18	.52	2.69	7.74	3.68	.41 Q	12.2	22.0	10.5	16.9	1.76	2.8	05-13-85	1886.0	197.2	2.3	3.74	24.87
Sterling Drug	STY	32.00	30.63	31.50	.38	1.20	34.25	24.00	-.16	.27	-4.10	1.17	2.37	.14 Q	6.2	5.0	7.8	13.1	1.20	3.8	04-30-85	1827.3	143.4	2.6	1.32	15.34
Syntex Corp	SYN	64.50	60.50	63.88	2.63	4.29	65.00	39.88	-.05	-.37	-.59	-18.25	4.08	-.27 N	-6.2	19.0	14.7	15.5	1.92	3.0	05-13-85	916.5	134.6	2.1	5.36	18.81
Thompson Med	TM	16.50	14.50	16.50	.75	4.76	24.88	13.25	.15	1.18	-1.68	11.51	2.20	-.09 Q	-4.5	42.0	10.8	8.7	.40	2.4	06-25-85	197.2	21.2	4.3	.00	7.09
Upjohn Co	UPJ	109.50	101.38	109.50	3.88	3.67	113.88	45.00	.08	.15	-4.86	12.70	5.67	-.69 Q	-11.7	.0	8.0	21.0	2.56	2.3	04-01-85	2179.1	173.3	1.7	12.47	37.00
Warner-Lambrt	WLA	43.63	40.75	43.00	2.00	4.88	43.63	28.75	.21	-.06	-2.62	-8.76	2.81	.28 Q	10.7	7.0	7.1	14.9	1.48	3.4	05-06-85	3166.7	223.9	1.7	6.47	18.18
Zenith Labs	ZENI	23.13	21.13	23.00	1.75	8.24	23.13	4.44	.35	-.33	-5.20	-17.69	.28	.26 Q	118.2	109.0	7.7	47.9	.00	.0	06-19-85	37.5	2.9	2.6	.27	1.99

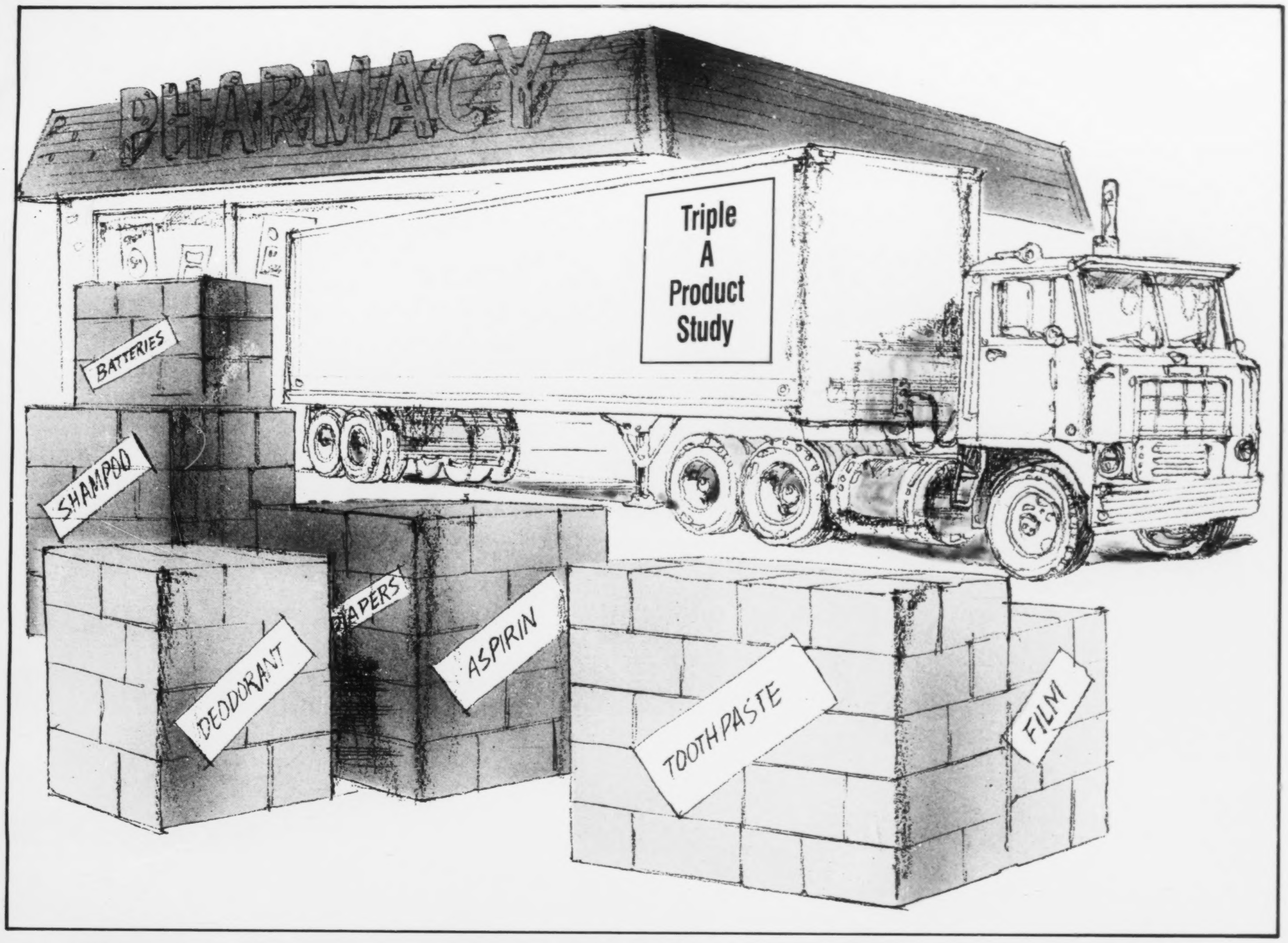
All data is based on sources believed to be reliable, but its accuracy is not guaranteed. Every effort will be made to correct errors, when discovered, in future issues.

Footnotes:

NA - Not Applicable
NC - Not Calculable
NE - Negative Earnings
NM - No Meaningful Figure
Q - First Quarter
S - First 6 Months
N - First 9 Months
F - Fiscal Year

Data and Table Prepared by Media General Financial Services, Inc., Richmond, Virginia 23219

Triple A Product Study



Triple A products deliver profits to chains

Who are the drug store market makers?

The Triple A listings of the Top 100 products in units, dollars and profits give a fair indication.

This year's 16th annual study shows the diversity of products that make up the best-selling lists. It also gives a reading of how top marketers like Procter & Gamble, Richardson Vicks, Johnson & Johnson, Kodak and Polaroid—to name just a few—continue to dominate drug store shelves.

For retailers, the study showcases the products that add promotional power to the merchandise mix. These are products that can pull traffic because of their national reputation. Consumers look for value in these products and shop the stores that promote them.

To compile this study, *Drug Store News* gathered and blended 1984 warehouse withdrawal figures from a geographically diverse group of medium to large chains.

This year, for the first time, *Drug Store News* broke out general merchandise products from the traditional health & beauty aids and over-the-counter best-seller lists to see how they would fare on their own.

While breaking out general merchandise did open up the H&BA/OTC list for more items, the newly created places tended to be taken by different sizes and flavors of the strongest sellers—not surprising in light of the national ad support given the top products.

The breakout did add diversity of the Top 10 H&BA and OTC product lists. Take the Top 10 unit movers, for example. On that rarefied list, there were two baby products, but only one each of laxatives, skin care, shaving, analgesics, eye/lens, antacids, feminine hygiene and cough/cold.

Among the Top 10 dollar generators, there were two each of diet aids, skin care and baby products, and only a single sku each of vitamins, feminine hygiene, dental and analgesics. A similar diversity was found among the Top 10 profit generators.

In contrast, the Top 10 places on the general merchandise lists were dominated by just two product categories: film and batteries. In unit sales, for example, there were five battery items, three film sku's, a household supply item and a paper product. In dollar sales it was all film and batteries. Film took seven places and batteries the other three. The story was no different for the Top 10 profit generators—five battery items and five film items.

The Top 100 lists in the H&BA/OTC area were dominated by four categories—dental, cough/cold, analgesics and baby products—followed by three others slightly less dominant—diet aids, eye/lens care and feminine hygiene.

Cough/cold products, for example, took 15 places on the dollar list, 13 on the unit list and 21 on the profit list. Analgesics accounted for 16 places on the dollar list, 13 on the unit list and 14 on the profit list. And dental products took 11 places on the dollar list 19 on the unit list and 10 on the profit list. Not surprisingly, the highly promoted baby products, which accounted for 11 places on the dollar list and 14 on the unit list, managed only three on the profit list.

Five categories alone—cough/cold, analgesics, dental, diet aids and eye/lens—took 51% of the places on the Top 100 dollar list, 52% of the places on the Top 100 unit list and 58% of the Top 100 profit generator places.

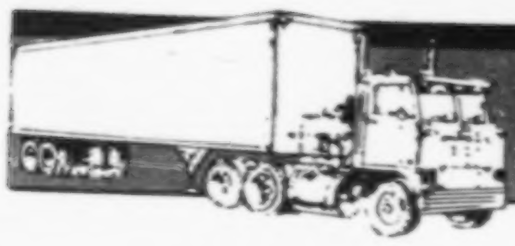
In considering the Triple A study, it is apparent that the Top 100 lists are dominated by highly consumable products whose sales are driven more by demand than impulse.

Top 10 gen'l merchandise by units

1. Reynolds foil, 12 x 25
2. Kodak CL 110-24 VR 200
3. Duracell D-2
4. Kodak Disc single
5. Kodak CP 135-24 VR 100
6. Duracell AA-4
7. Eveready Energizer AA-4
8. Eveready Energizer D-2
9. Duracell C-2
10. Bounty jumbo designer

Top 10 H&BA, OTC by units

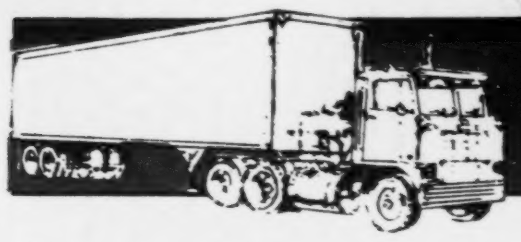
1. Fleet enema
2. Chapstick
3. Vaseline white 1.75
4. Bic disposable razors 5-pack
5. Bayer aspirin 100's
6. Visine eye drops 0.5 oz.
7. Mylanta liquid 12 oz.
8. Tampax Super 40s
9. Similac 2 w/iron 32 oz.
10. Actifed tabs 12s



Triple A Product Study

Best-selling H&BA/OTC products for 1984:

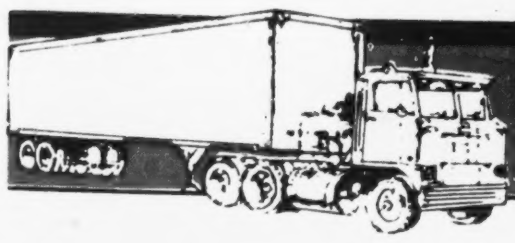
Unit movement	Dollar sales	Gross margin dollars
1. Fleet Enema, 4½ oz.	1. Slim-Fast powder: chocolate, 16 oz.	1. Slim-Fast powder: chocolate, 16 oz.
2. Chapstick regular	2. Oil of Olay, 4 oz.	2. Oil of Olay, 4 oz.
3. Vaseline jar white 1.75 oz.	3. Luvs, large 32's	3. Oil of Olay, 6 oz.
4. Bic disposable razor, 5-pack	4. Oil of Olay, 6 oz.	4. Slim-Fast powder: vanilla, 16 oz.
5. Bayer aspirin, 100's	5. Centrum tabs, 100 + 30	5. Mylanta liquid, 12 oz.
6. Visine eye drops, ½ oz.	6. Tampax super 40's	6. Allergan Cleaner refill-24 tabs
7. Mylanta liquid, 12 oz.	7. Luvs medium 48's	7. Theragran M, 100 + 30 free
8. Tampax super 40's	8. Listerine mouthwash, 32 oz.	8. NyQuil, 10 oz.
9. Similac ready to feed w/iron, 32 oz.	9. Slim-Fast powder: vanilla, 16 oz.	9. Actifed tabs, 24's
10. Actifed tab, 12's	10. Anacin tabs, 100's	10. Tylenol Extra-Strength tabs, 60's
11. Slim-Fast powder: chocolate, 16 oz.	11. Actifed tabs, 24's	11. Listerine mouthwash, 32 oz.
12. NyQuil cold med, 6 oz.	12. NyQuil, 10 oz.	12. Tylenol Extra-Strength caps, 50's
13. Listerine mouthwash, 32 oz.	13. Drixoral tabs, 20's	13. Centrum tabs, 100 + 30
14. Anacin tabs, 100's	14. NyQuil, 6 oz.	14. Tylenol Extra-Strength tabs 100's
15. Actifed tabs, 24's	15. Theragran M, 100 + 30	15. Trojan lubricated 12's
16. Barbasol shave cream, 11 oz.	16. Tylenol Extra-Strength tabs, 100's	16. Anacin tabs, 100's
17. Robitussin DM, 4 oz.	17. Tylenol Extra-Strength tabs, 60's	17. Tylenol drops, ½ oz.
18. J&J plastic ¾ in., 60's	18. Mylanta Liquid, 12 oz.	18. B&L Sensitive Eyes Saline, 12 oz.
19. Sweet'N Low, 100-pack	19. Tylenol Extra-Strength caps, 50's	19. Drixoral tabs, 20's
20. Isomil ready to feed, 32 oz.	20. Huggies Toddler 33's	20. Tylenol Extra-Strength tabs, 30's
21. Crest mint, 6.4 oz.	21. Efferdent denture tabs, 96's	21. Robitussin DM, 4 oz.
22. Maalox suspension, 12 oz.	22. Pampers large 48's	22. NyQuil, 6 oz.
23. Similac conc. w/iron 13 oz.	23. Tylenol elixir, 2 oz.	23. Actifed tabs, 12's
24. Tylenol Extra-Strength tabs, 30's	24. Tampax original 40's	24. Dexatrim Extra-Strength, 20's
25. Colgate toothpaste , 7 oz.	25. Tylenol Extra-Strength caps, 100's	25. Afrin nasal spray, ½ oz.
26. Oil of Olay, 4 oz.	26. Excedrin Extra-Strength tabs, 100's	26. Sudafed tabs, 24's
27. Pepto-Bismol, 8 oz.	27. Dexatrim Extra-Strength, 20's	27. Fleet enema, ½ oz.
28. Similac ready to feed, 32 oz.	28. Robitussin DM, 4 oz.	28. Os-Cal Calcium 500mg, 60's
29. Oral B 40 adult brush	29. Bufferin regular tabs, 100's	29. Equal low-calorie sweetner, 100's
30. Tampax super 10's	30. Allergan Cleaner refill—24 Tabs	30. Visine eye drops, ½ oz.
31. Tylenol Extra-Strength caps, 24's	31. Bayer aspirin, 100's	31. Metamucil powder, 21 oz.
32. Enfamil ready to feed w/iron, 32 oz.	32. Metamucil powder, 21 oz.	32. Trojan Enz lubricated, 30's
33. Tampax original 40's	33. Huggies daytime 48's	33. Tylenol Extra-Strength caps, 100's
34. Crest regular, 6.4 oz.	34. Tylenol tabs, 100's	34. Tylenol Extra-Strength caps, 24's
35. Tylenol Extra-Strength caps, 50's	35. Equal low-calorie sweetener 100's	35. Drixoral tabs, 10's
36. Close-Up reg., 6.4 oz.	36. Tylenol elixir, 4 oz.	36. Mylanta-2 liquid, 12 oz.
37. Tylenol Extra-Strength tabs, 60's	37. B&L Sensitive Eyes saline 12 oz.	37. Tampax original, 40's
38. Colgate Toothpaste, 9 oz.	38. Maalox suspension, 12 oz.	38. Tylenol chew tabs, 30's
39. Crest mint, 8.2 oz.	39. Afrin nasal spray ½ oz.	39. Chapstick regular
40. Sudafed tabs, 24's	40. Drixoral tabs, 10's	40. Tylenol elixir, 4 oz.
41. Crest regular, 8.2 oz.	41. Similac ready to feed w/iron	41. Efferdent denture tabs
42. Oral-B 60 adult brush	42. Tylenol Extra-Strength caps 24's	42. Dristan tabs, 24's
43. Enfamil Concentrated liquid w/iron-13 oz.	43. Visine drops, ½ oz.	43. Bayer aspirin, 100's
44. Efferdent denture tabs, 60's	44. Vicks 44D syrup, 3 oz.	44. Contac caps, 20's
45. Tylenol chew tabs, 30's	45. Tylenol Extra-Strength tabs, 30's	45. Excedrin Extra-Strength tabs, 100's
46. Bufferin reg. tabs, 100's	46. Gillette Atra blades, 10's	46. Keri Lotion, 13 oz.
47. Afrin nasal spray, ½ oz.	47. Actifed tab, 12's	47. NyQuil, 14 oz.
48. Listerine mouthwash, 12 oz.	48. Mylanta—2 liquid, 12 oz.	48. Flex Care Soft Lens Solution, 12 oz.
49. Scope mouthwash, 24 oz.	49. Scope mouthwash, 40 oz.	49. B&L Saline Solution, 12 oz.
50. Luvs diaper medium, 48's	50. Scope mouthwash, 24 oz.	50. Sudafed tabs 30mg, 48's



Triple A Product Study

Top 100 movers in units, dollars and profits

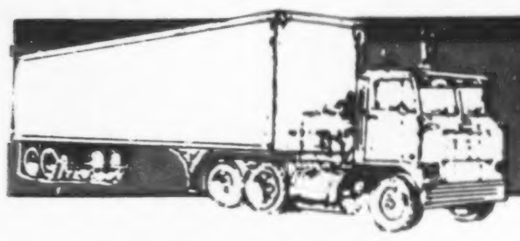
Unit movement	*Dollar sales*	*Gross margin dollars*
51. Listerine, 6 oz.	***51.*** Tampax slender regular 40's	***51.*** Gillette Atra blades, 15's
52. Bayer Aspirin, 50's	***52.*** Contac caps 10's	***52.*** Vicks 44D syrup, 3 oz.
53. Vicks 44D syrup, 3 oz.	***53.*** Gillette Atra blades 15's	***53.*** Alka-Seltzer Plus tabs, 36's
54. Trojan Enz Lubricated, 30's	***54.*** Sudafed tabs, 24's	***54.*** Tylenol tabs, 100's
55. Isomil concentrated, 13 oz.	***55.*** Tylenol chewable tabs 30's	***55.*** Gynol II Jelly refill, 4.44 oz.
56. Dexatrim Ex-Strength, 20's	***56.*** Efferdent denture tabs 60's	***56.*** Neosporin ointment, 1 oz.
57. Mennen Speed Stick deodorant, 2.5 oz.	***57.*** Tylenol drops ½ oz.	***57.*** Alka-Seltzer Plus, 20's
58. Alka Seltzer foil, 36's	***58.*** Contac caps, 20's	***58.*** Maalox suspension, 12 oz.
59. Enfamil ready to feed, 32 oz.	***59.*** Pepto-Bismol, 8 oz.	***59.*** B&L Sensitive Eyes Saline, 8 oz.
60. Q-Tips cotton swabs, 300's	***60.*** Trojan lubricated, 12's	***60.*** Oral-B 40 adult brush
61. Gillette Good News disposable razor, 3's	***61.*** B&L Sensitive Eyes saline, 8 oz.	***61.*** Alka-Seltzer foil, 36's
62. Sweet-O-Saccharin tabs, 500's	***62.*** Isomil ready to feed 32 oz.	***62.*** Bufferin regular tabs, 100's
63. Scott Baby Fresh Wipes, 80's	***63.*** Os-Cal Calcium—500mg. 60's	***63.*** Bic disposable razor, 5 pack
64. Crest gel, 6.4 oz.	***64.*** Slim-Fast instant pudding, 16 oz.	***64.*** Gillette Trac II blades, 9's
65. Oil of Olay, 6 oz.	***65.*** Crest mint 8.2 oz.	***65.*** Os-Cal Calcium 250mg, 100's
66. Pepto-Bismol, 4 oz.	***66.*** Dristan tabs, 24's	***66.*** Sassoon shampoo, 12 oz.
67. Gillette Atra blades, 5's	***67.*** B&L saline solution, 12 oz.	***67.*** B&L Daily Cleaner, 45ml
68. Aqua Fresh toothpaste, 6.4 oz.	***68.*** Tampax super plus 40's	***68.*** Benylin cough syrup
69. NyQuil 10 oz.	***69.*** Colgate toothpaste, 9 oz.	***69.*** Listerine mouthwash, 12 oz.
70. Vaseline Intensive Care, 10 oz.	***70.*** Crest regular, 8.2 oz.	***70.*** Slim-Fast instant pudding, 16 oz.
71. Drixoral tabs, 10's	***71.*** Advil Pain Relief tabs, 50's	***71.*** Contac caps, 10's
72. Aim toothpaste, 6.4 oz.	***72.*** Q-Tips cotton swabs, 170's	***72.*** Gillette Atra blades, 10's
73. Contac caps, 10's	***73.*** Scott Baby Fresh wipes, 80's	***73.*** Gillette Atra blades, 5's
74. Old Spice stick deodorant 2.5 oz.	***74.*** Fleet enema, 4½ oz.	***74.*** Today sponge, 3's
75. Tylenol tabs, 100's	***75.*** Gillette Trac II blades, 9's	***75.*** Oral-B 35 adult brush
76. B&L Sensitive Eyes saline, 12 oz.	***76.*** Enfamil ready to feed w/iron, 32 oz.	***76.*** Robitussin syrup CF, 4 oz.
77. Aim toothpaste, 4.6 oz.	***77.*** Maalox Plus suspension, 12 oz.	***77.*** Vaseline Intensive Care, 10 oz.
78. Noxzema skin cream jar, 10 oz.	***78.*** Alka-Seltzer foil, 36's	***78.*** Sweet 'N Low, 100 Pack
79. Bic disposable razor, 8's	***79.*** Similac ready to feed, 32 oz.	***79.*** Gillette Good News disposable razor, 10's
80. Equal Low-Cal sweetener, 100's	***80.*** NyQuil, 14 oz.	***80.*** Scope mouthwash, 40 oz.
81. Vaseline white jar, 3.75 oz.	***81.*** Benylin cough syrup	***81.*** Robitussin-DM, 8 oz.
82. Tylenol Extra-Strength tabs, 100's	***82.*** Flex-Care soft lens solution, 12 oz.	***82.*** Oral-B 60 adult brush
83. Maalox Plus suspension, 12 oz.	***83.*** Crest mint, 6.4 oz.	***83.*** Similac ready to feed w/iron, 32 oz.
84. Benylin cough syrup	***84.*** Sure & Natural maxishields, 30's	***84.*** Trojan regular, 12's
85. Excedrin Extra-Strength tabs, 100's	***85.*** B&L daily cleaner, 45 ml	***85.*** Crest mint, 8.2 oz.
86. Massengil V&W 2-pack, 2-6 oz.	***86.*** Keri lotion, 13 oz.	***86.*** Actifed Decongestant tabs, 48's
87. Pampers large super absorbent 12's	***87.*** Stayfree super maxi's, 30's	***87.*** Pepto-Bismol, 8 oz.
88. Tylenol drops, ½ oz.	***88.*** Alka-Seltzer plus, 20's	***88.*** Neosporin ointment, ½ oz.
89. Johnsons baby powder, 14 oz.	***89.*** Metamucil powder, 14 oz.	***89.*** Efferdent Denture tabs, 60's
90. Dristan tabs, 24's	***90.*** Robitussin DM, 8 oz.	***90.*** Sassoon Shampoo, 8 oz.
91. Listerine antiseptic, 3 oz.	***91.*** Close-Up regular, 6.4 oz.	***91.*** Carefree curl activator, 8 oz.
92. Tums 3-pack original flavor, 36's	***92.*** Vaseline Intensive Care, 10 oz.	***92.*** Preparation H Supp., 12's
93. Summers Eve V&W 2-pack, 2-4.5 oz.	***93.*** Sudafed tabs, 30 mg.	***93.*** Q-Tips cotton swabs, 170's
94. Blistex tube, reg.	***94.*** Sassoon shampoo, 12 oz.	***94.*** Equal packet, 50's
95. B.C. powder, 6's	***95.*** Noxzema skin cream jar, 10 oz.	***95.*** Tampax slender regular, 40's
96. Alka-Seltzer Plus, 20's	***96.*** Oral-B 40 adult brush	***96.*** Trojan regular, 3's
97. Oral-B 35 adult brush	***97.*** Preparation H suppositories, 12s	***97.*** Scope mouthwash, 24 oz.
98. Lady Speed Stick A/P Scented, 1.5 oz.	***98.*** Today sponge, 3's	***98.*** Isomil ready to feed, 32 oz.
99. Trojan regular, 3's	***99.*** Colgate toothpaste, 7 oz.	***99.*** Vicks 44 cough syrup, 3 oz.
100. Robitussin syrup, 4 oz.	***100.*** Pepto-Bismol, 4 oz.	***100.*** Advil tabs 50's



Triple A Product Study

Survey reveals top general merchandise:

Unit movement	Dollar sales	Gross margin dollars
1. Reynolds foil, 12 x 25	1. Polaroid 600 Sun camera film	1. Duracell AA-4
2. Kodak CL 110-24 VR 200	2. Polaroid SX-70 1-pack	2. Eveready Energizer
3. Duracell D-2	3. Kodak CL 110-24 VR 200	3. Duracell D-2
4. Kodak Disc single	4. Kodak Disk 2-pack	4. Polaroid 600 Sun camera film
5. Kodak CP 135-24 VR 100	5. Duracell AA-4	5. Polaroid SX-70 1-pack
6. Duracell AA04	6. Eveready Energizer AA-4	6. Duracell C-2
7. Eveready Energizer AA04	7. Kodak CP 135-24 VR 100	7. Eveready Energizer D-2
8. Eveready Energizer D-2	8. Polaroid SX-70 2-pack	8. Kodak Cl 110-24 VR 200
9. Duracell C-2	9. Duracell D-2	9. Kodak CP 135-36 VR 200
10. Bounty jumbo designer	10. Kodak Disc single	10. Kodak Disc 2-pack
11. Eveready Energizer C-2	11. Eveready Energizer D-2	11. Kodak CP 135-24 VR 100
12. Kleenex pocket pack	12. Duracell C-2	12. Eveready Energizer C-2
13. Ivory soap, 3-oz. 4-pack	13. Kodak instant film	13. Scotch VHS Video Tape
14. Kodak Disc 2-pack	14. Kodak Cm 135-24 VR 400	14. Duracell AA-2
15. Duracell AA-2	15. Kodak CP 135-36 VR 100	15. Polaroid SX-70 2-pack
16. Duracell 9 volt	16. Kodak CM 135-36 VR 400	16. Kodak CM 135-36
17. Eveready heavy duty D-2	17. Eveready Energizer C-2	17. Kodak CM 135-24 VR 400
18. Eveready Energizer AA-2	18. Kodak trimprint film	18. Kodak Disc Single
19. Eveready heavy duty AA-4	19. Duracell AA-2	19. Duracell 9 volt
20. Dove beauty soap, 4.75 oz.	20. Duracell 9 volt	20. Kodak Instant film
21. Charmin white 4-pack	21. Tide laundry detergent, 49 oz.	21. Eveready heavy duty C-2
22. Eveready hevy duty C-2	22. Kodak CL 135-24 VR 200	22. Eveready Energizer AA-2
23. Kleenex white 175 z	23. Eveready Energizer 9 volt	23. Eveready heavy duty AA-4
24. Kodak CM 135-24 VR 400	24. Eveready Energizer AA-2	24. Eveready Energizer 9 volt
25. Clorox bleach, gallon	25. Kodak CL 110-12 VR 200	25. Sylvania flash bar
26. Polaroid 600 Sun camera film	26. JVC T120	26. Sylvania flip flash
27. Ajax cleanser, 14 oz.	27. Kodak CF 135-24 VR 1000	27. Kodak Trimprint film
28. Kodak CP 135-36 VR 100	28. Eveready heavy duty AA-4	28. Duracell AAA-2
29. Eveready Energizer 9 volt	29. Reynolds foil, 12 x 25	29. Eveready Energizer AAA-2
30. Polaroid SX-70 p pack	30. Kodak CL 135-36 VR 200	30. Eveready heavy duty D-2
31. Kleenex Softique assorted 150's	31. Sylvania flip flash	31. Sylvania Magicube
32. Tide laundry detergent, 49 oz.	32. Sylvania flash bar	32. Kodak CF 135-24 VR 1000
33. Kodak CL 110-12 VR 200	33. Kodak CL 126-24 VR 200	33. Kodak CL 135-24 VR 200
34. Eveready AA-2	34. Ivory soap, 3 oz. 4-pack	34. Kodak CL 110-12 VR 200
35. Eveready D-2	35. Eveready heavy duty D-2	35. Kodak CL 135-36 VR 200
36. Dial gold bath soap, 5 oz.	36. Duracell AAA-2	36. Reynolds foil, 12 X 25
37. Alpo Beef Chunks dinner, 14 oz.	37. Kodak CM 100-24 VR 400	37. Kodak CM 100-24 VR 400
38. Zest Deodorant soap, 5.5 oz.	38. Eveready Energizer AAA-2	38. Crayolas, 24's
39. Nine Lives tuna, 6 oz.	39. Charmin white 4-pack	39. Kodak CL 126-24 VR 200
40. Crayolas, 24's	40. Eveready heavy duty C-2	40. Duracell 9 volt 2-pack
41. Charmin blue/yellow 4-pack	41. Sylvania Magicube	41. Ivory soap, 3 oz. 4-pack
42. Duracell AAA-2	42. Bounty jumbo designer	42. Tide laundry detergent, 49 oz.
43. Kleenex family 250's	43. Duracell 9 volt 2-pack	43. GE flip flash
44. Kleenex foil assorted 175's	44. Clorox bleach, gallon	44. Charmin white 4-pack
45. Kodak CM 135-36 VR 400	45. Maxell VHS video cassette T120	45. Eveready D-2
46. Eveready Energizer AAA-2	46. Crayolas, 24's	46. Eveready AA-2
47. Ivory soft soap, 9 oz.	47. GE Flip flash	47. Eveready D-4
48. Crayolas, 8's	48. Charmin blue/yellow 4-pack	48. Duracell D
49. Eveready D-4	49. Dawn liquid dish detergent, 22 oz.	49. Crayolas, 16s
50. Kleenex Little Travelers	50. Kleenex white 175's	50. Eveready heavy duty 9 volt 2-pack



100 hottest items in units, dollars, profits

Unit movement	*Dollar sales*	*Gross margin dollars*
51. Kodak CL 135-24 VR 200	***51.*** Kleenex Family 250's	***51.*** Eveready heavy duty AA-2
52. Dial white bath soap, 5 oz.	***52.*** Dove Beauty soap, 4.75 oz.	***52.*** Bounty jumbo designer
53. Eveready heavy duty AA-2	***53.*** Kodak CL 126-12 VR 200	***53.*** Clorox bleach, gallon
54. Nine Lives Super Supper, 6 oz.	***54.*** Eveready D-4	***54.*** Dove beauty soap, 4.75 oz.
55. Scott paper towels	***55.*** Ivory liquid, 22 oz.	***55.*** Eveready 9 volt 2-pack
56. Dawn liquid dish detergent, 22 oz.	***56.*** Eveready heavy duty 9 Volt 2-pack	***56.*** Scotch Magic Tape, ½ X 450
57. Comet cleanser, 14 oz.	***57.*** Eveready D-2	***57.*** Scotch Magic tape, ¾ X 300
58. Scotch Magic tape ½ x 450	***58.*** Fantastic w/sprayer, 32 oz.	***58.*** Eveready C-4
59. Sylvania flip flash	***59.*** Ivory soft soap, 9 oz.	***59.*** Eveready AA-4
60. Coast bath soap, 5 oz.	***60.*** Eveready AA-2	***60.*** Kodak CL 126-12 VR 200
61. Kleenex boutique 100's	***61.*** Palmolive dish detergent, 22 oz.	***61.*** Charmin blue/yellow 4-pack
62. Safeguard bath soap, 5 oz.	***62.*** Cascade dishwasher detergent, 50 oz.	***62.*** Elmers school glue, 4 oz.
63. Scotch Magic tape, ¾ x 300	***63.*** Eveready C-4	***63.*** Kleenex family 250's
64. GE flip flash	***64.*** Crayolas, 16's	***64.*** Ivory liquid, 22 oz.
65. Nine Lives liver, 6 oz.	***65.*** Eveready heavy duty AA-2	***65.*** Ivory soft soap, 9 oz.
66. Elmers school glue, 4 oz.	***66.*** Kleenex boutique 100's	***66.*** Crayolas, 8's
67. Caress beauty soap, 4.75 oz.	***67.*** Eveready 9 volt 2-pack	***67.*** Dawn liquid dish detergent, 22 oz.
68. Crayolas, 16's	***68.*** Dial gold bath soap, 5 oz.	***68.*** Palmolive dish detergent, 22 oz.
69. Kodak CL 126-24 VR 200	***69.*** Elmers glue, 4 oz.	***69.*** Eveready C-2
70. Bic black medium	***70.*** Zest Deodorant soap, 5.5 oz.	***70.*** Kleenex white 175's
71. Bic blue medium	***71.*** Eveready AA-4	***71.*** Kleenex boutique 100's
72. Elmers glue, 4 oz.	***72.*** Ajax cleanser, 14 oz.	***72.*** Fantastic w/sprayer, 32 oz.
73. Irish Spring, 5 oz.	***73.*** Scotch Magic tape, ½ x 450	***73.*** Ajax cleanser, 14 oz.
74. Duracell D	***74.*** Scotch Magic tape, ¾ x 300	***74.*** Eveready heavy duty 9 volt
75. Ivory liquid, 22 oz.	***75.*** Elmers school glue, 4 oz.	***75.*** Zest deodorant soap, 5.5 oz.
76. Kodak instant film	***76.*** Dove personal size, $^{3}/_{5}$ oz.	***76.*** Dial gold bath soap, 5 oz.
77. Eveready C-4	***77.*** Solo laundry detergent, 64 oz.	***77.*** Black Flag Roach Motel
78. Eveready C-2	***78.*** Dial white bath soap, 5 oz.	***78.*** Care Bears Poseables
79. Sylvania Magicube	***79.*** Krazy glue	***79.*** Kleenex foil 175's
80. Fantastic w/sprayer, 32 oz.	***80.*** Eveready heavy duty, 9 volt	***80.*** Glad 30 gal. trash bags, 10's
81. Sylvania flash bar	***81.*** Eveready 9 volt	***81.*** Kiwi boot polish black, 1⅛ oz.
82. Kodak CF 135-24 VR 1000	***82.*** Easy-On starch spray, 22 oz.	***82.*** D-Con ready mix 201, 1 lb.
83. Palmolive dish detergent, 22 oz.	***83.*** Maxell UDS 90 minute cassette 2-pack	***83.*** Camay bath soap
84. SOS soap pads, 10's	***84.*** Tone beauty soap, 4.75 oz.	***84.*** Easy-On starch spray 22 oz.
85. Eveready AA-4	***85.*** Coast bath soap, 5 oz.	***85.*** Sylvania flash cube.
86. Eveready 9 volt 2-pack	***86.*** D-Con ready mix, 1 lb.	***86.*** Hi-Dri Towels
87. Kodak CL 135-36 VR 200	***87.*** Eveready C-2	***87.*** Kleenex pocket pack
88. Kodak CL 126-12 VR 200	***88.*** Camay bath soap	***88.*** Lysol aerosol, 12 oz.
89. Eveready heavy duty 9 volt 2-pack	***89.*** Alpo Beef Chunks dinner, 14 oz.	***89.*** GE Magicube
90. Kodak CM 110-24 VR 400	***90.*** Crayolas, 8's	***90.*** Lux dish detergent, 22 oz.
91. Elmers glue, 1.25 oz.	***91.*** Era liquid laundry detergent, 64 oz.	***91.*** Dial white bath soap, 5 oz.
92. Polaroid SX-7 2-pack	***92.*** Safeguard Bath Soap, 5 oz.	***92.*** Care Bear Miniatures
93. Eveready heavy duty 9 volt	***93.*** Black Flag Roach Motel	***93.*** Coast Bath soap, 5 oz.
94. Duracell 9 volt 2-pack	***94.*** Eveready Energizer 9 volt	***94.*** Kodak instant film 2-pack
95. Kodak Trimprint film	***95.*** Lux dish detergent, 22 oz.	***95.*** Comet cleanser, 14 oz.
96. Glad 30-gal. trash bags, 10's	***96.*** Windex refill, 32 oz.	***96.*** Cascade dishwasher detergent, 50 oz.
97. Reynolds heavy duty foil 37.5 sq. ft.	***97.*** Comet Cleanser, 14 oz.	***97.*** Eveready heavy duty C-4
98. Kleenex dinner napkins	***98.*** Dixie refill 5 oz.	***98.*** Kleenex Little Travelers
99. Bic red medium	***99.*** Care Bear miniatures	***99.*** Glad sandwich bags 150's
100. Cascade 50 oz.	***100.*** Irish Spring 5 oz.	***100.*** GE flashbar

Triple A Product Study

School supplies top Triple A stationery list

The fastest moving school/office products
(unit sales)

1. *Crayola, 24s*
2. *Crayola, 8s*
3. *Scotch Magic Tape, ½ x 450*
4. *Scotch Magic Tape, ¾ x 300*
5. *Elmer's school glue, 4 oz.*
6. *Crayola, 16s*
7. *Bic Black Medium*
8. *Bic Blue Medium*
9. *Elmers Glue, 4 oz.*
10. *Elmers Glue, 1.25 oz.*
11. *Bic Red Medium*

Source: Drug Store News survey

Despite all the talk about licensed school supplies, not a single licensed item showed up on this year's *Drug Store News* Triple A study.

In fact, if any products could be considered winners in the study, it would be traditional school supply favorites including Crayolas and Elmers Glue.

Binney & Smith's Crayola 24's ran away with the category this year and topped all three lists in school/office supplies.

The 24-piece Crayola set ranked the highest of all others in this category on the gross profit list, where it was 38th among the Top 100. On the unit movement chart, this item placed 40th, and in total retail sales it was 46th.

In all, there were 11 school/office products listed on Triple A's Top 100 unit movement chart. Additionally, seven ranked on the Top 100 total retail sales list, while six showed up on the Top 100 total gross profit dollars list.

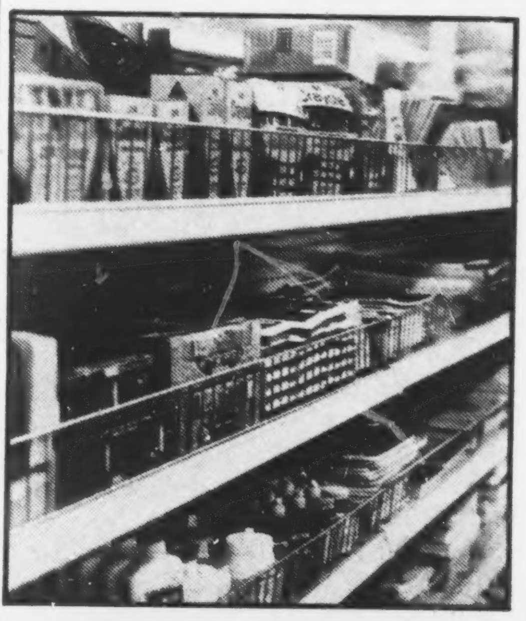
On the Top 10 unit movement chart for school office supplies, Crayola 8's came in second, with two sku's of Scotch Magic Tape following in third and fourth positions. Borden's Elmers Glue placed three sku's in the Top 10 with different sizes in the fifth, ninth and 10th positions.

On the Top 10 total retail dollars chart, Crayola 24's came out on top, followed by Crayola 16's, Crayola 8's slipped to seventh place in this category because of their low price point. The 4-oz. Elmer's Glue came in third while Scotch's two sku's of Magic Tape registered in at fourth and fifth places, followed by Krazy Glue's only Triple A ranking, at sixth.

The most profitable school/office products
(gross margin dollars)

1. *Crayolas, 24's*
2. *Crayolas, 16's*
3. *Scotch Magic Tape, ½ x 450*
4. *Scotch Magic Tape, ¾ x 300*
5. *Elmer's school glue, 4 oz.*
6. *Crayolas 8's*

Source: Drug Store News survey



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1. *Crayolas 24's*
2. *Crayolas 16's*
3. *Elmer's glue, 4 oz.*
4. *Scotch Magic tape ½ x 450*
5. *Scotch Magic tape ¾ x 300*
6. *Krazy Glue*
7. *Crayolas 8's*

Athlete's Foot

Now you can offer your customers relief from the itching, burning and soreness of athlete's foot and prevention of recurrence with one recommendation—TINACTIN®

The secret lies in the use of two forms. TINACTIN Cream or Solution cures the immediate infection; TINACTIN Powder used daily as a follow-up medication, has been clinically proven to prevent reinfection.

TINACTIN begins relieving the symptoms of athlete's foot within 24 hours of application without irritation to sensitive skin. The efficacy and safety of TINACTIN are recognized. TINACTIN is the number one recommendation of physicians, podiatrists and pharmacists like yourself. If customer satisfaction is important to you, recommending TINACTIN for athlete's foot is a big step in the right direction.

RECOMMEND TINACTIN
#1 in sales and recommendations
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The Cure

SCHERING
KILLS ATHLETE'S FOOT and JOCK ITCH FUNGI
Relieves burning and itching
Proven effective in clinical tests
Non-irritating, odorless, greaseless
Tinactin ANTIFUNGAL CREAM
Tinactin.
brand of tolnaftate cream 1%
ANTIFUNGAL CREAM
Tinactin
Tinactin
ANTIFUNGAL POWDER
Kills ATHLETE'S FOOT and JOCK ITCH Fungi
Odorless
Does not stain
Wt. 45g (1.5 ounces)

Tinactin contains tolnaftate, the only ingredient approved for both cure and prevention of Athlete's Foot.

The Prevention

Triple A Product Study

Listerine tops three dental care charts

The growing popularity of toothpaste pumps may be getting the innovative product into the bathrooms of America, but that popularity hasn't been strong enough to move the pumps into Triple A's Top 100.

Of the 11 different toothpaste items listed in the three Top 100 listings this year, not a single pump toothpaste made the rankings.

Listerine mouthwash, in the 32-oz. size, took top honors in the dental care products listing this year, pointing out the fact this particular item is the fastest selling, the largest seller, and the most profitable of all items in the drug store dental care department.

In the Top 100 total unit movement list, dental care products received 20 mentions. In the gross margin dollars Top 100 chart, there were 10 dental care items listed, and in the total retail dollars Top 100, 12 items from this category made the grade.

Following the popular Listerine 32-oz. item on the total retail dollars Top 10 chart, is Efferdent denture tabs, 96 count. Two sku's of Scope mouthwash took third and fourth positions, and Efferdent came in fifth with its 60 count tab sku. Toothpastes rounded out the Top 10.

On the Top 10 total unit movement chart, Listerine was followed by the 6.4-oz. Crest mint toothpaste. The 7-oz. Colgate toothpaste product came in third. The Oral-B 40 Adult Brush registered a fourth place in this listing.

Oral-B continues to be the only brand toothbrush listed, with three different brushes in this year's Triple A Study.

The gross margin dollars Top 10 dental care chart included all three of Oral-B's popular adult line. Listerine was the most profitable item in the dental care section, followed by the 96 count Efferdent sku. Oral-B 40 placed third, Oral-B 35 came in fifth, and the Oral-B 60 ranked as the seventh most profitable item in the dental care department.

The highest volume dental care products
(retail dollars)

1. *Listerine mouthwash, 32 oz.*
2. *Efferdent denture tabs, 96's*
3. *Scope mouthwash, 40 oz.*
4. *Scope mouthwash, 24 oz.*
5. *Efferdent denture tabs, 60's*
6. *Crest mint 8.2 oz.*
7. *Colgate toothpaste, 9 oz.*
8. *Crest regular 8.2 oz.*
9. *Crest mint 6.4 oz.*
10. *Close-Up regular 6.4 oz.*
11. *Oral-B 40 adult brush*
12. *Colgate toothpaste, 7 oz.*

Source: *Drug Store News survey*

The most profitable dental care products
(gross margin dollars)

1. *Listerine mouthwash, 32 oz.*
2. *Efferdent denture tabs*
3. *Oral-B 40 adult brush*
4. *Listerine mouthwash, 12 oz.*
5. *Oral-B 35 adult brush*
6. *Scope mouthwash, 40 oz.*
7. *Oral-B 60 adult brush*
8. *Crest mint, 8.2 oz.*
9. *Efferdent denture tabs, 60's*
10. *Scope mouthwash, 24 oz.*

Source: *Drug Store News survey*

Tampons remain a Triple A market winner

The $420 million tampon market continues to dominate the feminine hygiene market, despite the adverse publicity about toxic shock syndrome and the flurry of new shields and pads on the market.

Based on both unit and dollar sales, Tambrand's Tampax tampons are the big winners in this market. Tampax's Super 40's, Slender Regular 40's and Super Plus 40's, were the top three products in the department in terms of dollar sales, and the only tampons positioned among the Top 100 products in dollar sales.

The highest volume feminine hygiene products
(retail dollars)

1. *Tampax super 40's*
2. *Tampax original 40's*
3. *Tampax super plus 40's*
4. *Sure & Natural maxishields 30's*
5. *Stayfree Super maxis 30's*

The fastest moving feminine hygiene products
(unit sales)

1. *Tampax super 40's*
2. *Tampax super 10's*
3. *Tampax original 40's*
4. *Massengil V&W 2-pack, 2-6 oz.*
5. *Summers Eve V&W 2-pack, 2-4.5 oz.*

Source: *Drug Store News survey*

Johnson & Johnson's Sure & Natural Super Maxis 30's and Stayfree MaxiPads Super 30's, were also among the top 100 products in dollar sales, but placed far lower on the list than the Tampax products.

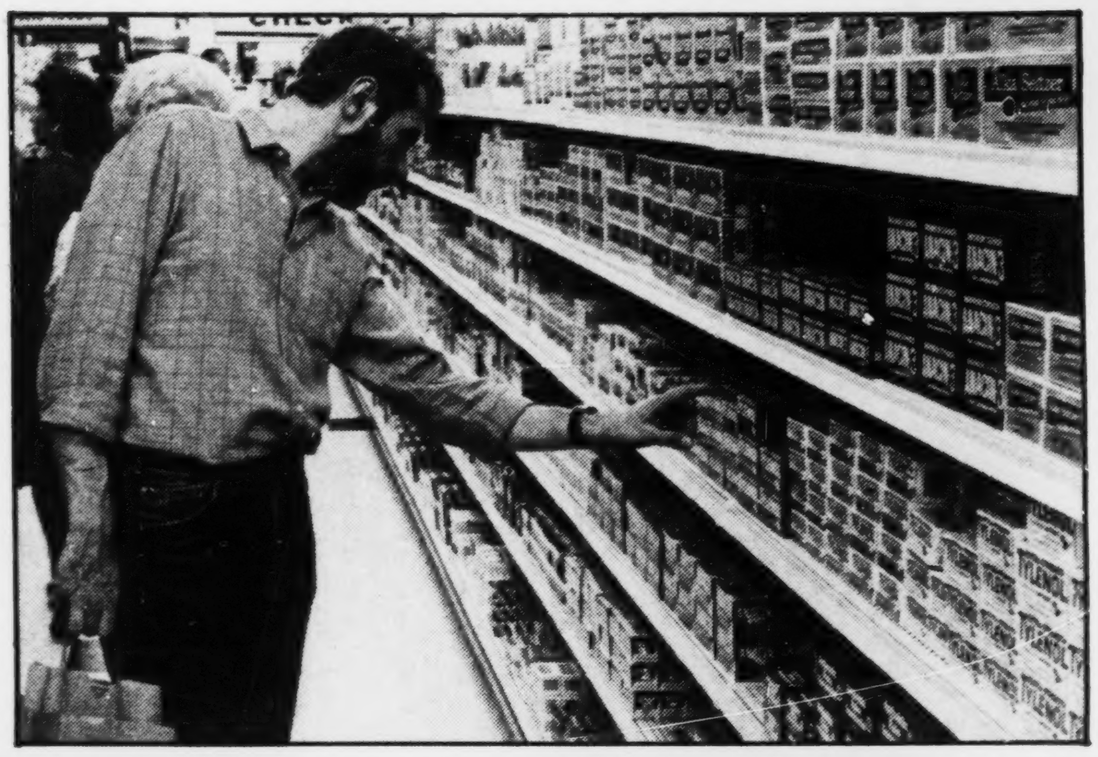
The Triple A study also reveals that the Today sponge is making its way in the marketplace by placing for the first time among the Top 100 products in dollar sales. Moreover, the contraceptive sponge was the second most profitable product in the feminine hygiene department after Tampax's Original 40's.

In unit movement, Tampax Super 40's, Super 10's and Original 40's took the top three positions followed by Massengill douche vinegar and water twinpack and Summers Eve douche vinegar and water twinpack.

Overall, the Triple A study shows that the feminine hygiene department in chain drug stores is strong in tampons and douches and weak in sanitary napkins, a market long dominated by food stores with the space to merchandise.

Triple A Product Study

Tylenol products dominate analgesics lists



The most profitable analgesic products
(gross margin dollars)

1. Tylenol Extra-Strength tabs, 60's
2. Tylenol Extra-Strength tabs 100's
3. Anacin tabs, 100's
4. Tylenol Extra-Strength tabs, 30's
5. Tylenol Extra-Strength caps, 100's
6. Tylenol Extra-Strength caps, 24's
7. Tylenol Chewable tabs, 30's
8. Tylenol elixir, 4 oz.
9. Bayer aspirin, 100's
10. Excedrin Extra-Strength tabs, 100's
11. Tylenol tabs, 100's
12. Bufferin reg. tabs, 100's

The fastest moving analgesics
(unit sales)

1. Bayer aspirin, 100's
2. Anacin tabs, 100's
3. Tylenol Extra-Strength tabs, 30's
4. Tylenol Extra-Strength caps, 24's
5. Tylenol Extra-Strength caps, 50's
6. Tylenol Extra-Strength tabs, 60's
7. Tylenol chewable tabs, 30's
8. Bufferin tabs, 100's
9. Bayer aspirin, 50's
10. Tylenol tabs, 100's
11. Tylenol Extra-Strength tabs, 100's
12. Excedrin Extra-Strength tabs, 100's
13. Tylenol drops, ½ oz.

The highest volume analgesics
(retail dollars)

1. Anacin tabs, 100's
2. Tylenol Extra-Strength tabs, 100's
3. Tylenol Extra-Strength tabs, 60's
4. Tylenol elixir, 2 oz.
5. Tylenol Extra-Strength caps, 100's
6. Excedrin Extra-Strength tabs, 100's
7. Bufferin tabs, 100's
8. Bayer aspirin, 100's
9. Tylenol tabs, 100's
10. Tylenol elixir, 4 oz.
11. Tylenol Extra-Strength caps 24's
12. Tylenol Extra-Strength tabs, 30's
13. Tylenol Chewable tabs 30's
14. Tylenol Drops ½ oz.
15. Advil Pain Relief tabs, 50's

Source: *Drug Store News* survey

WHEN YOU PROMOTE CHAP STICK AT 3/$1.00, CHAP STICK SELLS OVER 4 TIMES FASTER.

(So stock up with 4 times as much.)

During the last 3/$1.00 promotion, Chap Stick sales shot up. And accounted for over 70% of the growth in the entire market!

Unfortunately, that Chap Stick promotion caught many retailers out of stock.

So this time, don't just stock up. Stock up with 4 times more Chap Stick. Because you can't sell [illegible] more—unless you order it.

My Lips are Sealed with ChapStick LIP BALM

Triple A Product Study

Gillette, Bic command men's shaver market

Strong advertising by both manufacturer and retailer helped shaving products grow by almost 13% in drug stores last year, for total sales in excess of $168 million.

The 1985 Triple A survey picked up that activity and shows that the moderately priced shaving creams and blades did well in unit movements while the higher-priced blades and razors accounted for high dollar volume and profitability.

In all, razors, blades and creams accounted for 6% of the total sales in drug store toiletries departments in 1984.

Five shaving products showed up in the total unit movement Top 100, five also showed up in the Top 100 gross margin dollars list, and three surfaced in the Top 100 total retail dollars ranking.

Gillette swept the top three places on the shaving needs total retail dollars listing with its Atra blades 10-pack, Atra blades 15-pack and its Trac II blades, 9-pack.

Gillette also took top honors on the shaving products gross margin listing with its Atra blades 15-pack being most profitable. The 5-pack of Bic's disposable razors came in second, and three additional Gillette blade and razor sku's made up the top five.

In total unit movement, the 5-pack of Bic disposable razors outsold all others in the shaving products category. The highly promoted Barbasol shave cream in the 11-oz. size came in second, and was the only shave cream listed in any of this year's Triple A Top 100 lists.

Gillette's Good News disposable razor 3-pack followed up in third place with the company's Atra 5-pack blades finishing up in fourth.

The fastest moving shaving products
(unit sales)

1. ***Bic disposable razor, 5-pack***
2. ***Barbasol shave cream, 11 oz.***
3. ***Gillette Good News disposable razor, 3's***
4. ***Gillette Atra blades, 5's***
5. ***Bic disposable razor, 8's***

The highest volume shaving products
(retail dollars)

1. ***Gillette Atra blades, 10's***
2. ***Gillette Atra blades, 15's***
3. ***Gillette Trac II blades, 9's***

The most profitable shaving products
(gross margin profits)

1. ***Gillette Atra blades, 15's***
2. ***Bic Disposable razor, 5-pack***
3. ***Gillette Atra blades, 10's***
4. ***Gillette Atra blades, 5's***
5. ***Gillette Good News disposable razor, 10's***

Source: *Drug Store News survey*

After 200 years, we're still coming up with ideas that click.

The new Retractor. Now you see it.

Click. Now you don't.

Wilkinson Sword® is proud to announce another innovation in shaving. The Wilkinson Sword Retractor.™ A product which comes to us direct from Europe. Where it has been a marketing success.

The Wilkinson Sword Retractor is the first and *only* disposable that retracts the blade between shaves to protect the blade and deliver a close, smooth shave.

The Wilkinson Sword Retractor razor. A new idea in shaving. Another innovative product from Wilkinson Sword. "The name on the world's finest blades."

Our new Management, ales and Support teams are dy to make Wilkinson Sword shaving products profitable to sell and easy to receive. Call toll-free 1-800-241-8918 or write Wilkinson Sword, P.O. Box 7200, Norcross, GA 30091.

WILKINSON SWORD®

THE NAME ON THE WORLD'S FINEST BLADES.™

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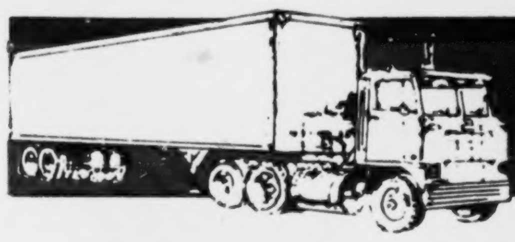


Triple A Product Study

Rx-to-OTC items provide marketing muscle

The highest volume cough/cold products

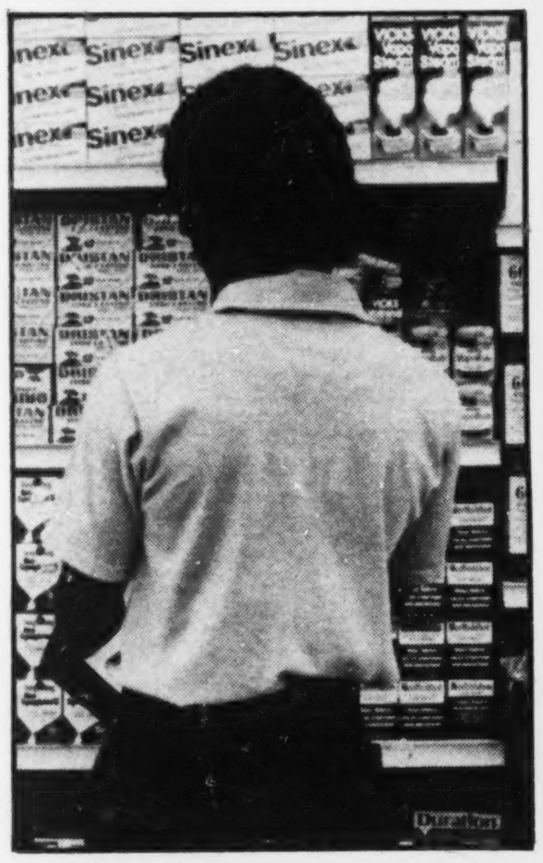
(retail dollars)

1. *Actifed tabs, 24's*
2. *NyQuil, 10 oz.*
3. *Drixoral tabs, 20's*
4. *NyQuil, 6 oz.*
5. *Robitussin DM, 4 oz.*
6. *Afrin nasal spray ½ oz.*
7. *Drixoral tabs, 10's*
8. *Vicks 44D syrup, 3 oz.*
9. *Actifed tabs, 12's.*
10. *Contac caps 10's*
11. *Sudafed tabs, 24's*
12. *Contac caps, 20's*
13. *Dristan tabs, 24's*

The most profitable cough/cold products

(gross margin dollars)

1. *NyQuil, 10 oz.*
2. *Drixoral tabs, 20's*
3. *Robitussin DM, 4 oz.*
4. *NyQuil, 6 oz.*
5. *Actifed tabs, 12's*
6. *Afrin nasal spray, ½ oz.*
7. *Sudafed tabs, 24's*
8. *Drixoral tabs, 10's*
9. *Dristan tabs, 24's*
10. *Contac caps, 20's*
11. *NyQuil, 14 oz.*
12. *Sudafed tabs, 30mg 48's*
13. *Vicks 44D syrup, 3 oz.*

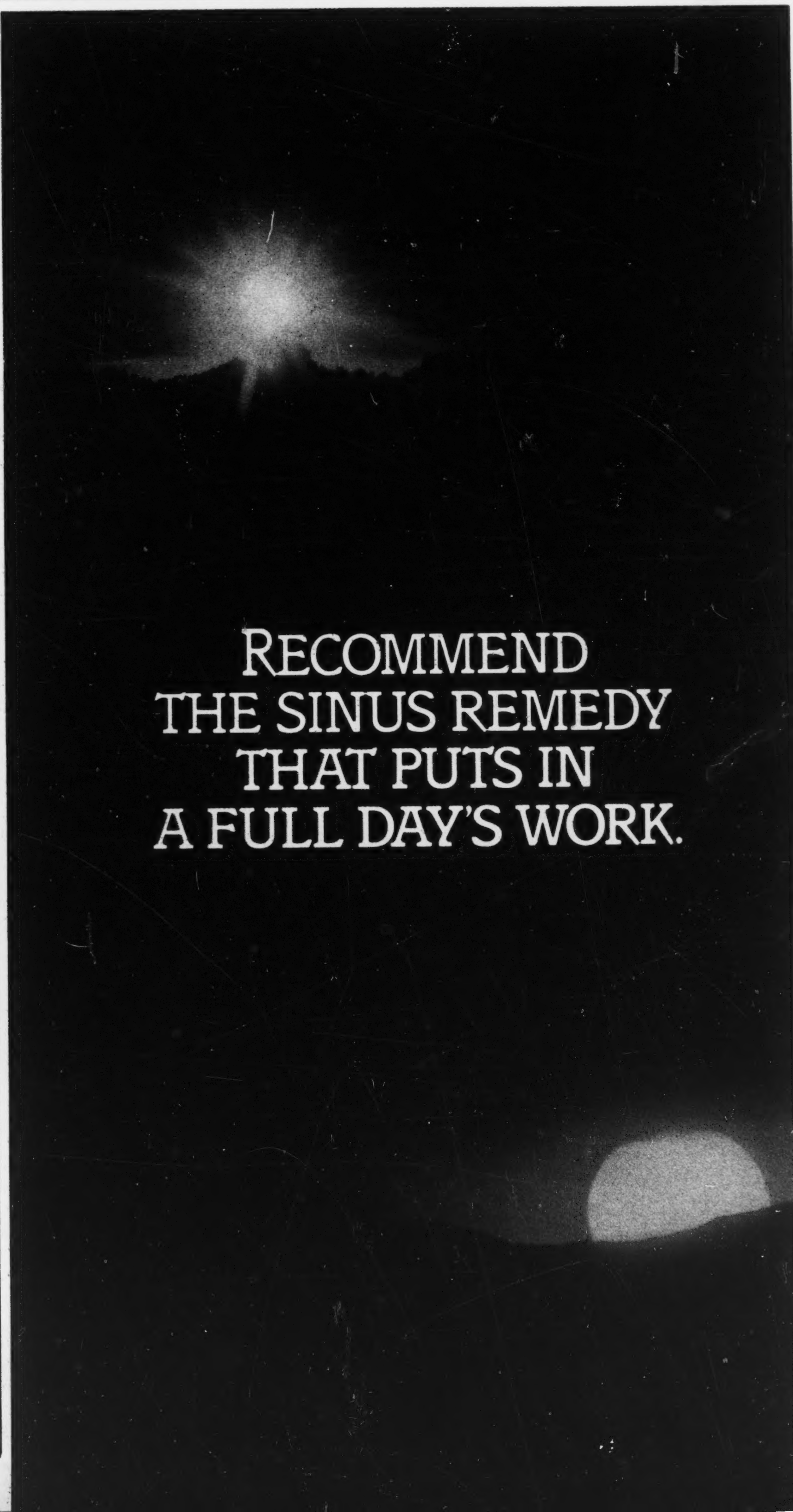


The fastest moving cough/cold products

(unit sales)

1. ***Actifed tabs, 12's***
2. ***NyQuil, 6 oz.***
3. ***Actifed tabs, 24's***
4. ***Robitussin DM, 4 oz.***
5. ***Sudafed tabs, 24's***
6. ***Afrin nasal spray, ½ oz.***
7. ***Vicks 44D syrup, 3 oz.***
8. ***NyQuil, 10 oz.***
9. ***Drixoral tabs, 10's***
10. ***Contac caps, 10's***
11. ***Benylin cough syrup***
12. ***Dristan tabs, 24's***
13. ***Alka Seltzer Plus, 20's***
14. ***Robitussin syrup, 4 oz.***

Source: Drug Store News survey



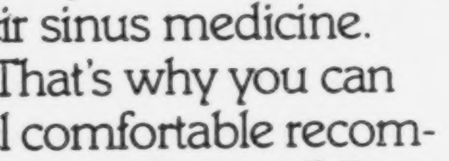
Your customers put in a full day's work—so should their sinus medicine.

That's why you can feel comfortable recommending Drixoral.* Drixoral is the sinus medicine that contains maximum strength ingredients. Its unique two-stage delivery system is designed to provide 12 full hours of relief from congested sinus and nasal passages. It's no wonder that pharmacists recommend Drixoral more often than any other 12 hour sinus medication.*

Recommend Drixoral for 12 hour relief from sinus congestion.

When it comes to sinus remedies, what a difference a full day makes.

Schering



THE 12 HOUR
SINUS REMEDY

*American Druggist Open Call Survey, 1984.
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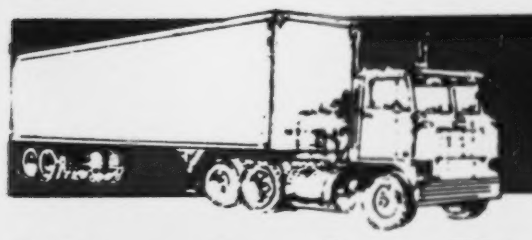


Triple A Product Study

Kodak, Polaroid hold commanding film share

The amateur photography craze continues, and the 1985 Triple A survey shows that film sales in drug stores, accounting for 40% of photo department revenues, are still growing.

With the exception of batteries, no single product category had as many products in the Top 100 as film. In the general merchandise category, film accounted for 19 of the Top 100 spots in unit movement, 18 of the Top 100 in retail sales and 20 of the Top 100 in total gross profit dollars.

As could be expected, Kodak led in film unit movement with three products in the Top 10, with positions two, four and five.

However, with its higher price points, Polaroid film headed up the Top 10 in total retail sales, with three sku's holding positions one, two and eight.

Kodak placed four in the Top 10, up one from last year, but it gave up second position to Polaroid's hot SX-70 film.

Other than showing an overall healthy film business for drug store retailers, the Triple A points out that instant and disc films are holding their own against the growing popularity of the 35mm market. Nationally, the growth of instant and disk films is quite sluggish, but in drug stores, it appears to be growing at a better clip than some 35mm.

As a matter of fact, six sku's of instant and disk films showed up in the Top 100 listing of unit movement.

Six different sku's of flash products showed up on the Top 100 sales volume, and four placed in the Top 100 in unit sales. In this category, it appears that the flash cube is on its way out, while the flip flashes.

The highest volume film products
(retail dollars)

1. *Polaroid 600 Sun Film*
2. *Polaroid SX-70*
3. *Kodak CL 110-24 VR 200*
4. *Kodak Disc 2-Pk*
5. *Kodak CP 135-24 VR 100*
6. *Polaroid SX 70 2-Pk*
7. *Kodak Disc single*
8. *Kodak instant film*
9. *Kodak CM 135-24 VR 400*
10. *Kodak CP 135-36 VR 100*
11. *Kodak CM 135-36 VR 400*
12. *Kodak Trimprint film*
13. *Kodak CL 135-24 VR 200*
14. *Kodak CF 135-24 VR 1000*
15. *Kodak CL 135-36 VR 200*
16. *Kodak CL 126-24 VR 200*
17. *Kodak CM 110-24 VR 400*
18. *Kodak CL 126-12 VR 200*

The highest volume photo flash products
(retail dollars)

1. *Sylvania flip flash*
2. *Sylvania flash bar*
3. *Sylvania Magicube*
4. *GE flip flash*
5. *GE Magicube*
6. *GE flash bar*

The fastest moving photo flashes
(unit sales)

1. *Sylvania Flip Flash*
2. *GE Flip Flash*
3. *Sylvania Magicube*
4. *Sylvania Flash Bar*

Source: *Drug Store News survey*

A FUJI FILM FALL PROMOTION TO HELP YOU SHARPEN SALES AND PROFITS

A scissor set offer plus sweepstakes* as sharp as the pictures your customers will get with Fuji Film.

Fuji's Fall Promotion is a cut above the rest for you and your customers. To start off, your customers will get super sharp savings on this two scissor set for only $2.95 (comparative $12.95 value) plus two proofs of purchase of Fuji Film.

Your customers can also win a dream Caribbean cruise.

Fuji's super sweepstakes gives your customers the chance to win a luxury Cunard Countess† cruise for two to 6 exciting Caribbean islands—plus lots of other prizes.

FUJICOLOR
FUJI FILM

2½" and 3½"
SCISSOR SET

†of British Registry

We're cutting *you* in on our sweepstakes too!

Just for participating in our Fall Promotion, you can have a chance to win the same cruise as your customers by entering the special retailer sweepstakes.

And don't forget how Fuji always gets your customers' attention with exciting in-store merchandising that's sharper than ever.

Join Fuji's Fall Promotion…and picture yourself sailing away with picture perfect profits.

FUJI FILM

FUJI PROMOTIONS MOVE CUSTOMERS AND FILM.

I want to participate in Fuji Film's "Scissor Sharp Sweepstakes Offer"

☐ I currently sell Fuji Film.
☐ I am interested in selling Fuji Film.

Mail to: **Mr. Paul Smith, National Sales Manager**
Fuji Photo Film, U.S.A., Inc., 350 Fifth Avenue, NY, NY 10118

Name ______
Company ______
Address ______
City ______
State ______ Zip ______ Telephone ______

*No purchase necessary to enter sweepstakes. Offer expires February 28, 1986. Void where prohibited.

Triple A Product Study

Mylanta rides crest of antacid products

Maalox Plus
Maalox Plus
Maalox Plus
Maalox Plus
MYLANTA
MYLANTA
Really Pleasant Tasting

The most profitable antacid products
(gross margin dollars)

1. Mylanta liquid, 12 oz.
2. Mylanta 2 liquid, 12 oz.
3. Maalox suspension, 12 oz.
4. Alka-Seltzer foil, 36's
5. Pepto-Bismol, 8 oz.

The highest volume antacids
(retail dollars)

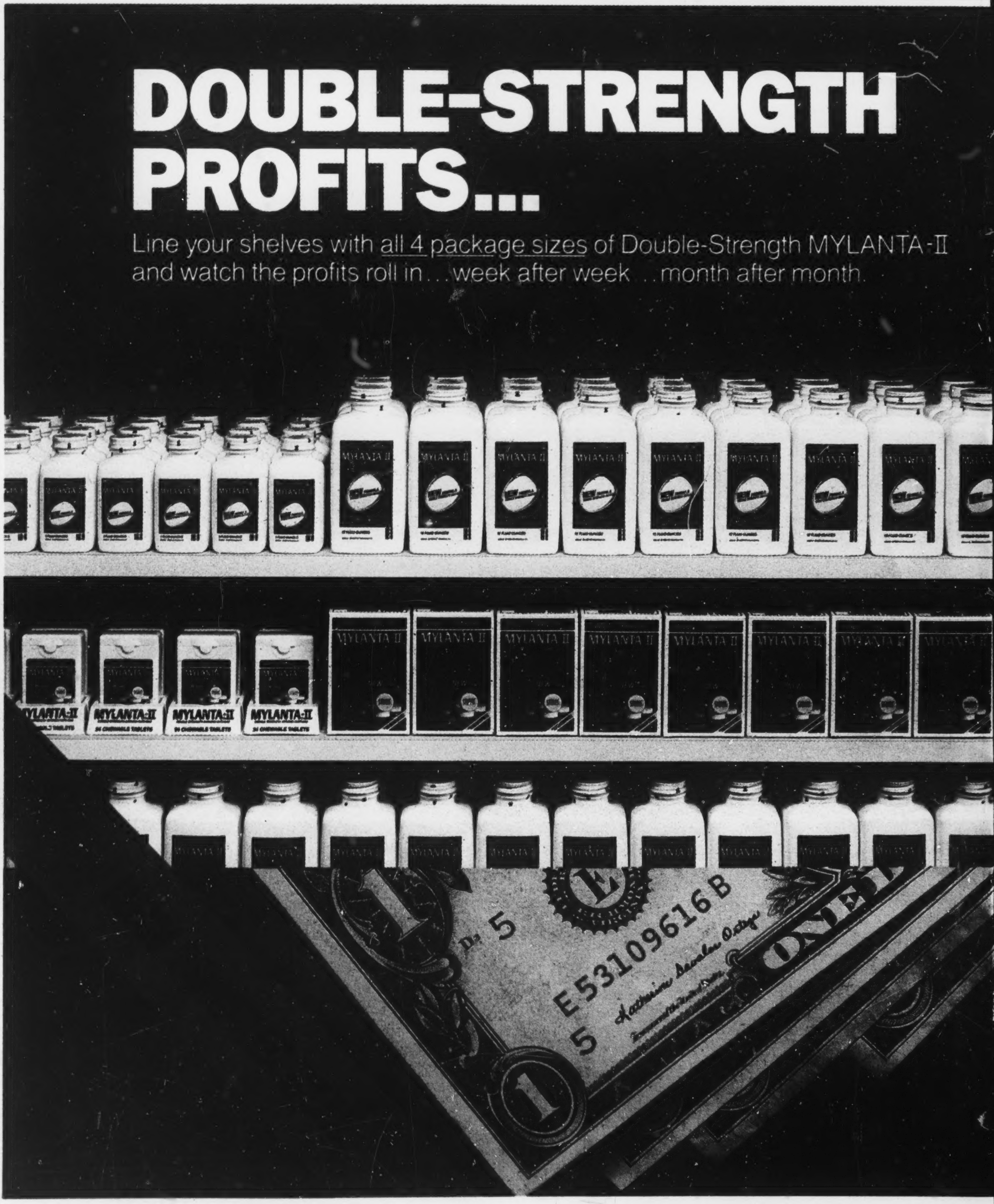
1. Mylanta liquid, 12 oz.
2. Maalox suspension, 12 oz.
3. Mylanta-2 liquid, 12 oz.
4. Pepto-Bismol 8 oz.
5. Maalox Plus suspension, 12 oz.
6. Alka Seltzer foil 36's
7. Pepto-Bismol 4 oz.

Pepto-Bismol
Pepto-Bismol
Pepto-Bismol
Pepto-Bismol
Pepto-Bismol
DI-GEL

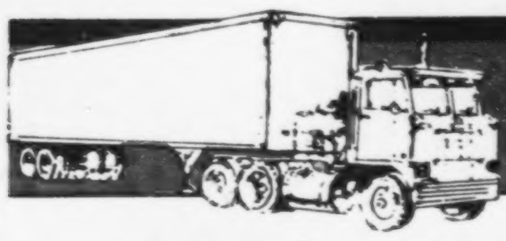
The fastest moving antacid products
(unit sales)

1. Mylanta liquid, 12 oz.
2. Maalox suspension, 12 oz.
3. Pepto-Bismol, 8 oz.
4. Alka-Seltzer foil 36's
5. Pepto-Bismol, 4 oz.
6. Maalox Plus suspension, 12 oz.
7. Tums 3-pack orig. flavor, 36's

Source: Drug Store News survey


DOUBLE-STRENGTH PROFITS...

Line your shelves with all 4 package sizes of Double-Strength MYLANTA-II and watch the profits roll in . . . week after week . . . month after month.
MYLANTA-II
MYLANTA-II
MYLANTA-II
MYLANTA-II
E 53109616 B
ONE



Triple A Product Study

Slim-Fast powder leads diet aids category

APPETITE CONTROL CENTER
LOSE WEIGHT FAST
FLUIDEX
DEX-A-DIET
dexatrim

The fastest moving diet aid products
(unit sales)

1. Slim-Fast Powder: chocolate, 16 oz.
2. Sweet' N Low, 100-pack
3. Dexatrim Extra-Strength, 20's
4. Sweet-O-Saccharin tabs, 500's
5. Equal Low-Cal Sweetener, 100's

Source: *Drug Store News* survey

DIET AIDS
SUGAR SUB.

Slim-Fast
The Natural Way to
LOSE WEIGHT
Slim-Fast

The highest volume diet aid products
(retail dollars)

1. Slim-Fast Powder: chocolate, 16 oz.
2. Slim-Fast Powder: vanilla, 16 oz.
3. Dexatrim Extra-Strength, 20's
4. Equal low-cal sweetener, 100's
5. Slim-Fast instant pudding, 16 oz.

The most profitable diet aid products
(gross margin dollars)

1. Slim-Fast Powder: chocolate, 16 oz.
2. Slim-Fast Powder: vanilla, 16 oz.
3. Dexatrim Extra-Strength, 20's
4. Equal low-cal sweetener, 100's
5. Slim-Fast instant pudding, 16 oz.
6. Sweet' N Low, 100-pack
7. Equal packet, 50's

Source: *Drug Store News* survey

ALL YEAR LONG

GREAT NEW DEAL!

4 Double-Strength sizes to strengthen your profits!

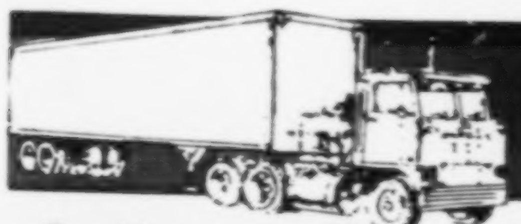
PROMOTIONAL ALLOWANCES					PROMOTIONAL SUPPORT
Free-Goods* Allowance	Plus Advertising Allowance†		Plus Merchandising Allowance		
	OPTION A	OPTION B‡	REDUCED PRICE FEATURE	DISPLAY	
12 oz Liquid 8⅓% Off Invoice	Up to **$1.25** per dozen	**$1.00** per dozen	**$.75** per dozen reduced price feature	**$.75** per dozen floor or end cap display	• Direct to consumer national T.V. promotion...1,705 GRPs 88% Reach 1.7 Billion impressions • Year-round physician detailing and sampling • Major medical and trade journal advertising support
5 oz Liquid 8⅓% Off Invoice	Up to **$.75** per dozen	**$.50** per dozen	**$.50** per dozen reduced price feature	**$.50** per dozen floor or end cap display	
60s Tablets 8⅓% Off Invoice	Up to **$1.25** per dozen	**$1.00** per dozen	**$.75** per dozen reduced price feature	**$.75** per dozen floor or end cap display	
24s Tablets 8⅓% Off Invoice	Up to **$.75** per dozen	**$.50** per dozen	**$.50** per dozen reduced price feature	**$.50** per dozen off-shelf display	

Also available—up to **2%** billback allowance for four-color roto advertising or consumer coupon programs.
Unlimited purchases allowed for claiming billback allowances.
Retail buy-in period: July 15 through August 30, 1985.
Advertising performance period: July 15 through November 8, 1985.
Claim deadline: 45 days following appearance of ad.
Contact your Stuart Representative for complete details.

*Through participating wholesaler.
†All ads should feature both liquid and tablets.
‡Provided advertising coverage is in at least 75% of the applicant's trading area.

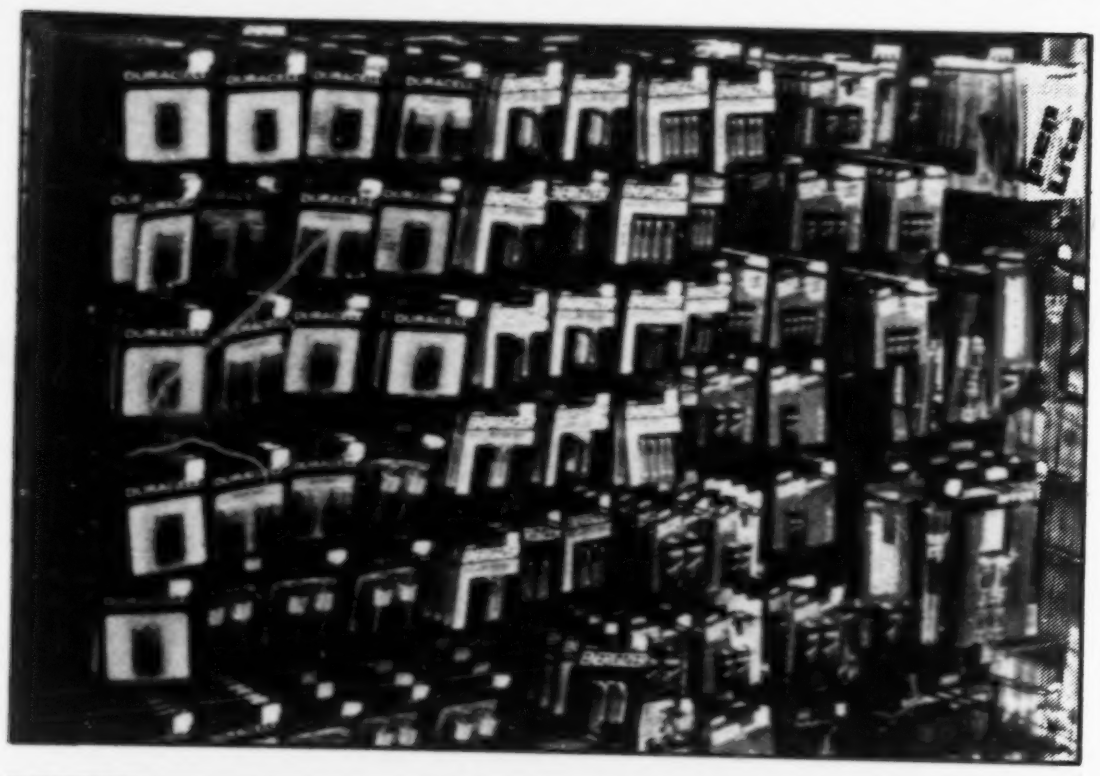
DOUBLE-STRENGTH
MYLANTA-II®
aluminum and magnesium hydroxides with simethicone

STUART PHARMACEUTICALS



Triple A Product Study

AA and D cell batteries outshine all others



Batteries once again dominated *Drug Store News* Triple A study. This year, batteries had 27 sku's in the unit movement listing, 33 in the total dollar sales ranking, and 28 in the gross profits list.

Alkaline batteries overwhelmed the heavy-duty variety in all lists, with AA and D batteries being the most popular, as well as the most profitable. The best a C-cell battery could do in this year's listing was a sixth place ranking in total gross profit.

In total retail dollars, eight battery sku's ranked in the Top 20, with Duracell's 4-pack AA's leading the way in fifth position. Eveready Energizer's 4-pack AA's came in one notch lower, in sixth place and the two company's 2-pack D's, came in at ninth and 11th positions, respectively.

Overall, in total dollar sales, Duracell placed five sku's in the Top 20, while Eveready placed three.

In total unit movement, 11 battery sku's found their way to the Top 20. Once again, Duracell led the group, this time with its 2-pack D sku in fourth position. The company's 4-pack AA's are in seventh, with Eveready's 4-pack AA's in eighth, and its 2-pack D's in ninth.

Eveready had six sku's in the total unit movement's Top 20, and Duracell placed fifth in that listing.

In total gross profit dollars, batteries took five of the top eight positions, including the top three, for a total of eight in the top 20.

Once again, Duracell came out on top, with its 4-pack AA's being listed as the most profitable general merchandise item in a drug store. Eveready's 4-pack AA came in second, with Duracell's 2-pack D's taking third position.

The highest volume battery products
(retail dollars)

1. ***Duracell AA-4***
2. ***Eveready Energizer AA-4***
3. ***Duracell D-2***
4. ***Eveready Energizer D-2***
5. ***Duracell C-2***
6. ***Eveready Energizer C-2***
7. ***Duracell AA-2***
8. ***Duracell 9 Volt***
9. ***Eveready Energizer 9 volt***
10. ***Eveready Energizer AA-2***
11. ***Eveready Heavy Duty AA-4***
12. ***Eveready Heavy Duty D-2***
13. ***Duracell AAA-2***
14. ***Eveready Energizer AAA-2***
15. ***Eveready Heavy Duty C-2***

The fastest moving batteries
(unit sales)

1. ***Duracell D-2***
2. ***Duracell AA-4***
3. ***Eveready Energizer AA-4***
4. ***Eveready Energizer D-2***
5. ***Duracell C-2***
6. ***Eveready Energizer C-2***
7. ***Duracell AA-2***
8. ***Duracell 9 volt***
9. ***Eveready Heavy Duty D-2***
10. ***Eveready Energizer AA-2***
11. ***Eveready Heavy Duty AA-4***
12. ***Eveready Heavy Duty C-2***
13. ***Eveready Energizer 9 volt***
14. ***Eveready AA-2***
15. ***Eveready D-2***

Source: *Drug Store News* survey

Business as Usual?

B&W

You bet. But it doesn't have to be if your Brown & Williamson brands get the attention they need to make them as profitable as they can be.

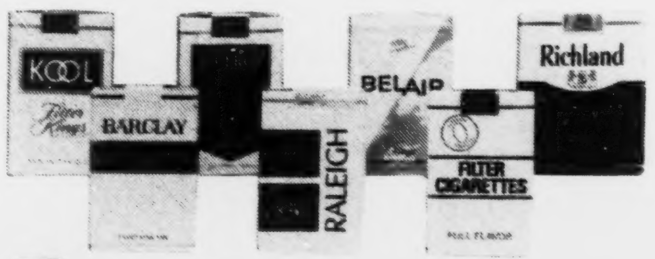
That's what B&W's Tobacco Plus program is all about. It's a comprehensive program that maximizes your B&W sales, profits, turns and R.O.I.I.

It demonstrates which B&W brands, and how many, you should carry to meet consumer needs and optimize sales in today's market. It shows you how to insure an appropriate inventory without overstocks or understocks, select the most effective carton and pack merchandising methods, and increase profitability through our promotions.

And Tobacco Plus will assist you in making your B&W tobacco products as profitable as they can be with these incentives, services and programs:

■ Carton Fixturing
■ Package Fixturing
■ Carton Shelf Payments
■ Counter Display Payments
■ Account Business Analysis
■ Liberal Selling Terms
■ Direct Account Incentive Program
■ Return Goods Handling Allowance
■ Generic Program Incentives
■ Around-the-Clock Customer Service
■ Audio/Visual Training Materials
■ A Responsive, Professional Sales Force

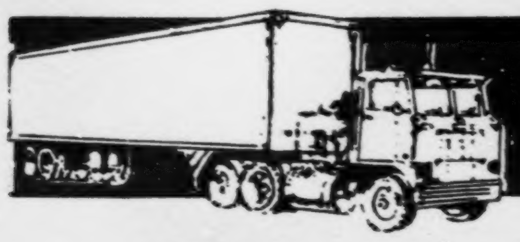
If you want to get the most profitability from your B&W brands, and enjoy one of the most comprehensive service programs in the industry, ask a Brown & Williamson representative about Tobacco Plus. Business as usual? Not anymore.



Tobacco Plus

© 1985 B&W T Co.

B&W BROWN & WILLIAMSON TOBACCO CORPORATION



Triple A Product Study

Oil of Olay grabs top spot in mass market

In the mass market, Richardson-Vick's Oil of Olay was the runaway winner in all three categories based on dollar sales, profitability and unit sales.

Olay 4 oz. and 6 oz. were ranked first and second in the skin care category in dollar sales and second and fourth in total dollar sales rankings. Olay's closest competitor was Keri Lotion 13 oz., which ranked third in the category, but 87th in overall dollar sales. Vaseline Intensive Care 10 oz. came out fourth in the category, but 93rd in total dollar sales rankings.

Olay 6 oz. and 4 oz. also received top honors as the most profitable products in the category, and they also ranked second and third in overall profit rankings. Keri Lotion 13 oz. ranked third, but 46th in overall profit rankings.

Olay was also the fastest-moving product in the skin care category in unit sales rankings. Olay 4 oz. placed first and Olay 6 oz. second. Noxzema came in as the third fastest-moving product in the category, but 78th in overall unit sales rankings.

The *Drug Store News* 1985 Triple A Product Study overwhelmingly shows that Oil of Olay still commands the biggest chunk of the mass market skin care business. Olay's advertising coupled with its relatively low price and its firm position in the market accounts for its very strong showing in the category, despite the plethora of new skin care products constantly flooding the marketplace.

The most profitable skin care products (gross margin dollars)

1. *Oil of Olay, 4 oz.*
2. *Oil of Olay, 6 oz.*
3. *Keri lotion, 13 oz.*
4. *Vaseline Intensive Care, 10 oz.*

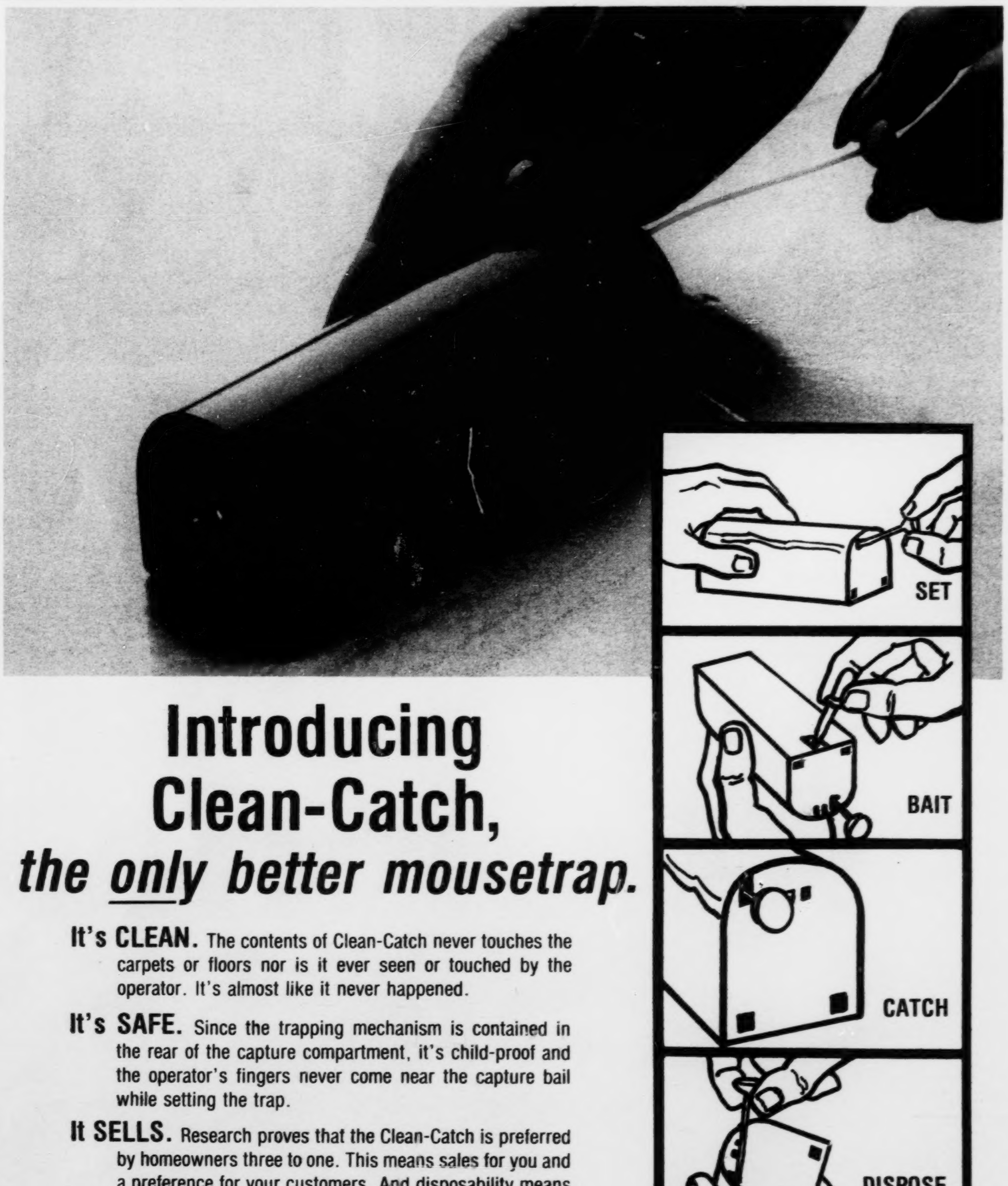
[illegible]

1. *Oil of Olay, 4 oz.*
2. *Oil of Olay, 6 oz.*
3. *Keri lotion, 13 oz.*
4. *Vaseline Intensive Care 10 oz.*
5. *Noxzema skin cream jar, 10 oz.*

[illegible]

1. *Oil of Olay, 4 oz.*
2. *Oil of Olay, 6 oz.*
3. *Vaseline Intensive Care, 10 oz.*
4. *Noxzema skin cream jar, 10 oz.*

Discover OLAY Beauty Cleanser
SPECIAL
89¢
OLAY



Introducing Clean-Catch,
the only better mousetrap.

It's CLEAN. The contents of Clean-Catch never touches the carpets or floors nor is it ever seen or touched by the operator. It's almost like it never happened.

It's SAFE. Since the trapping mechanism is contained in the rear of the capture compartment, it's child-proof and the operator's fingers never come near the capture bail while setting the trap.

It SELLS. Research proves that the Clean-Catch is preferred by homeowners three to one. This means sales for you and a preference for your customers. And disposability means repeat sales.

It's PROFITABLE. Dual packaging doubles sales and profits. Clean-Catch has been written about in Newsweek, Smithsonian, Hardware Retailing, Star, Venture, Popular Science and Pest Management. This will create inquiries and customers quickly.

For more information, call Gary Miller at (502) 753-1362 or write to him at Dynamic Marketing, 306 Andrus Ave., Murray, KY 42071.

dmc
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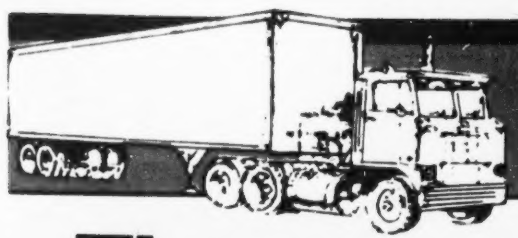
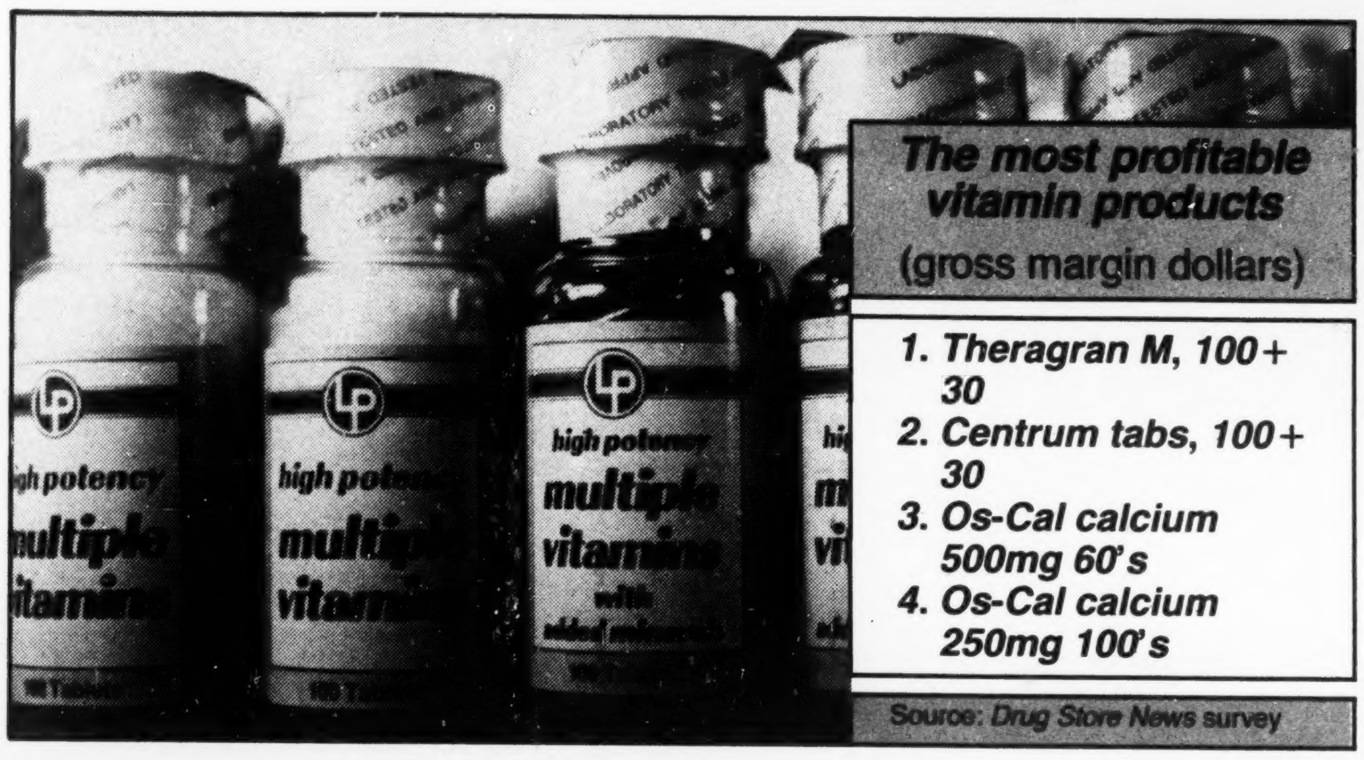
CORPORATION



Triple A Product Study

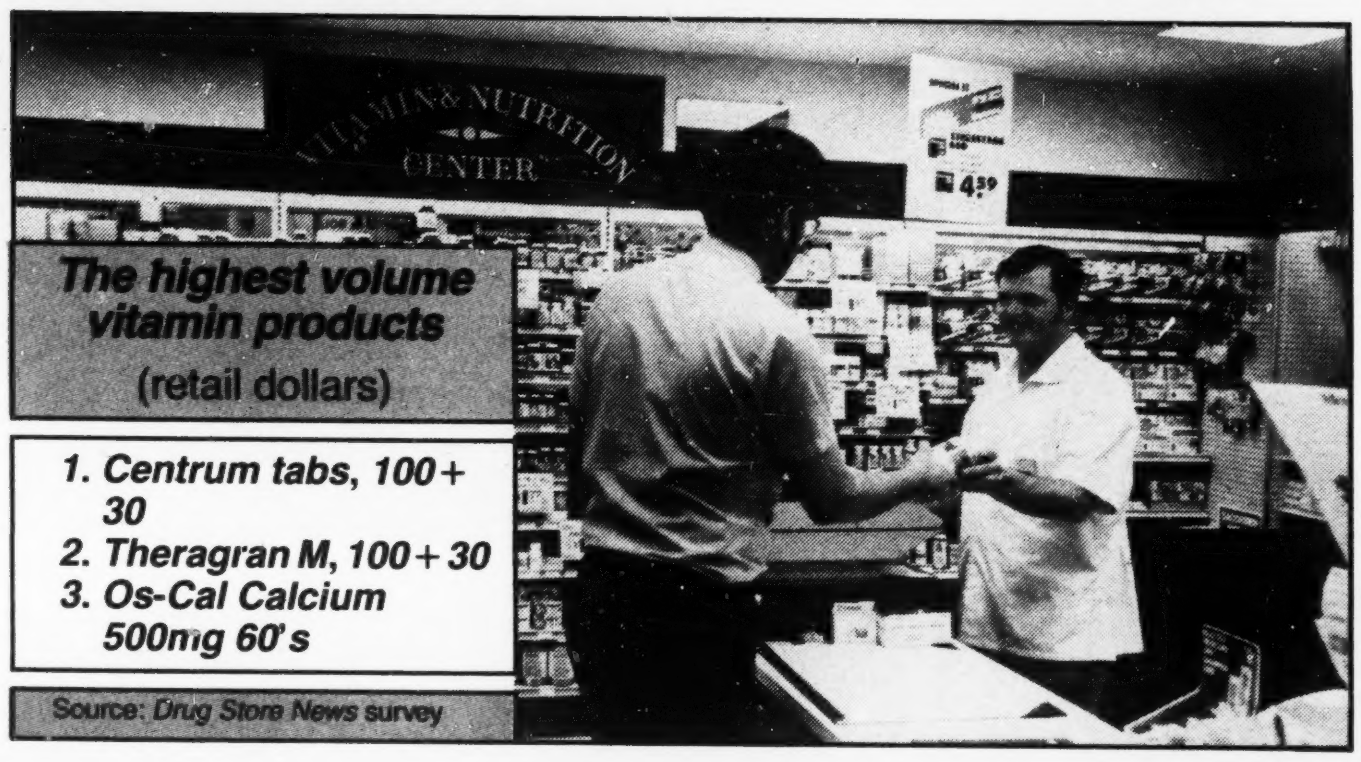
Theragran M, Centrum boost vitamin profits



The most profitable vitamin products
(gross margin dollars)

1. *Theragran M, 100+30*
2. *Centrum tabs, 100+30*
3. *Os-Cal calcium 500mg 60's*
4. *Os-Cal calcium 250mg 100's*

Source: *Drug Store News* survey



The highest volume vitamin products
(retail dollars)

1. *Centrum tabs, 100+30*
2. *Theragran M, 100+30*
3. *Os-Cal Calcium 500mg 60's*

Source: *Drug Store News* survey

The new Gold Standard.

Introducing
Kent Golden Lights Gold Box.

Now there's a standard by which all other packs will be measured: the beautiful new Golden Lights Gold Boxes...both Kings and 100MM sizes.

But, that's not all that's golden!

There's a multi-million dollar marketing campaign with four-color spreads, out-of-home media and aggressive promotional support.

Be ready to mine the gold of these great new packs and promotions.

© Lorillard, U.S.A., 1985

Lorillard

The only business we do is the business you do. We never forget that.

ATTENTION RETAILERS: Benefits are periodically available on proportionally equal terms to all over-the-counter or machine vendors of Lorillard cigarettes under Lorillard's merchandising plans. For further information, consult your Lorillard representative, or write Lorillard, 666 Fifth Avenue, New York, NY 10103

The highest volume eye/lens care products
(retail dollars)

1. *Allergan Cleaner Refill, 24 tabs*
2. *B&L Sensitive Eye Saline, 12 oz.*
3. *Visine eye drops, ½ oz.*
4. *B&L Sensitive Eye Saline, 8 oz.*
5. *B&L Saline Solution, 12 oz.*
6. *Flex-Care Soft Lens Sol., 12 oz.*
7. *B&L Daily Cleaner, 45ml*

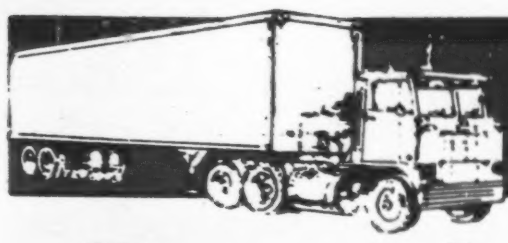
The most profitable eye/lens care products
(gross margin dollars)

1. *Allergan Cleaner Refill, 24 tabs*
2. *B&L Sensitive Eye Saline, 12 oz.*
3. *Visine eye drops, ½ oz.*
4. *Flex Care Soft Lens Sol., 12 oz.*
5. *B&L Sensitive Eyes Saline, 8 oz.*
6. *B&L Daily Cleaner, 45ml*

The fastest moving eye/lens care products
(unit sales)

1. *Visine eye drops ½ oz.*
2. *B&L Sensitive Eye Saline, 12 oz.*

Source: *Drug Store News* survey



Triple A Product Study

Formulas, diapers hot sellers in baby needs

As the baby boomlet continues, the baby and infant care departments in chain drug stores are becoming more profitable, larger and more widely shopped than ever before.

The 1985 Triple A study shows that the baby department is a strong, viable drug store department, experiencing store growth.

The study also shows that drug store retailers are called upon by mothers to help out at both ends when it comes to baby care—prepared formulas and diapers dominated this year's lists.

In the unit movement category, 15 baby department sku's made the survey's Top 100, with baby products leader, Vaseline 1.75-oz. white jar, placing third in the overall Top 100. Similac ready to feed, with iron, 32-oz. size, came in second, followed by Isomil ready to feed (without iron), 32 oz., in third.

Despite all the publicity that Procter & Gamble's disposable diaper sales have bottomed out, the company's Luv's brand, medium, 48 count, was eighth among baby department items in product unit movement, 50th in the overall Triple A study.

P&G's Pampers, large absorbent, 12 count, was the only other disposable diaper sku making the baby department Top 15 in unit movement.

Similac ready to feed, with iron, formula, 32 oz., topped the gross margin dollars list for baby products. Although the most profitable baby department item, this Similac sku only placed 83rd on the overall Top 100 gross margin list. Q-Tip cotton swabs, 170 count, placed second in profitability in the baby department, and came in 93rd overall.

In the total retail dollars listings, 11 baby care products made the Top 100. Although not strongly represented in the other department lists, the higher priced diapers took the top five places on the baby products list for this category.

P&G's Luv's, large size, 32 count, brought in the most money for the baby department and placed third on the overall Top 100 list for total retail dollars.

The highest volume baby needs products
(retail dollars)

1. ***Luvs, large 32's***
2. ***Luvs, medium 48's***
3. ***Huggies toddler 33's***
4. ***Pampers, large 48's***
5. ***Huggies daytime 48's***
6. ***Similac ready to feed w/iron***
7. ***Isomil ready to feed, 32 oz.***
8. ***Q-tips cotton swabs, 170's***
9. ***Scott Baby Fresh wipes, 80's***
10. ***Enfamil ready to feed w/iron 32 oz.***
11. ***Similac ready to feed 32 oz.***

Source: *Drug Store News* survey

The most profitable baby needs products
(gross margin dollars)

1. ***Similac ready to feed w/iron 32 oz.***
2. ***Q-tips cotton swabs, 170's***
3. ***Isomil ready to feed 32 oz.***

Source: *Drug Store News* survey

The fastest moving baby needs products
(unit sales)

1. ***Vaseline jar white 1.75 oz.***
2. ***Similac ready to feed w/iron 32 oz.***
3. ***Isomil ready to feed 32 oz.***
4. ***Similac concentrated w/iron, 13 oz.***
5. ***Similac ready to feed, 32 oz.***
6. ***Enfamil ready to feed w/iron, 32 oz.***
7. ***Enfamil concentrated liquid w/iron, 13 oz.***
8. ***Luvs diaper medium, 48's***
9. ***Isomil concentrated, 13 oz.***
10. ***Enfamil ready to feed, 32 oz.***
11. ***Q-tips cotton swabs, 300's***
12. ***Scott Baby Fresh wipes, 80's***
13. ***Vaseline white jar, 3.75 oz.***
14. ***Pampers large super absorbent 12's***
15. ***Johnson baby powder, 14 oz.***

Source: *Drug Store News* survey

St Ives®
Swiss Formula. TRADEMARK
Hair Care & Skin Care

New!

Trial Sizes
Generous 3 oz. Replica Bottles and 1.5 oz. Trial & Travel Tubes…

…Mean Big Profits

Swiss Formula®…only from St. Ives

DARK AND LOVELY HAIR COLOR SELLS FASTER WHEN PLACED IN YOUR HAIR COLOR SECTION INSTEAD OF THE ETHNIC SECTION.

© 1985 CARSON PRODUCTS CO., SAVANNAH, GA 31403

SAKURA IS HOT!

Sakura Outliner® Markers are the hottest writing instruments around—everyone loves to write in silver or gold with borders in eye-catching colors.

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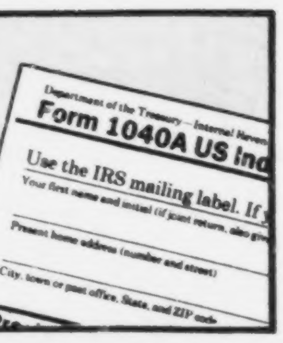
Pharmacy:
Capoten's market potential expanding—p. 23

Beauty Beat:
Sparking Valentine fragrance sales—p. 12

Merchandiser:
Turning tax time into an asset–p. 15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DRUG STORE NEWS®

Vol. 7/No. 17 **Serving chains, wholesalers and high-volume independents for 56 years.** Published by Lebhar-Friedman Inc. August 5, 1985

Revco takes $98 million Odd Lot headache remedy

By Marjorie Shaffer

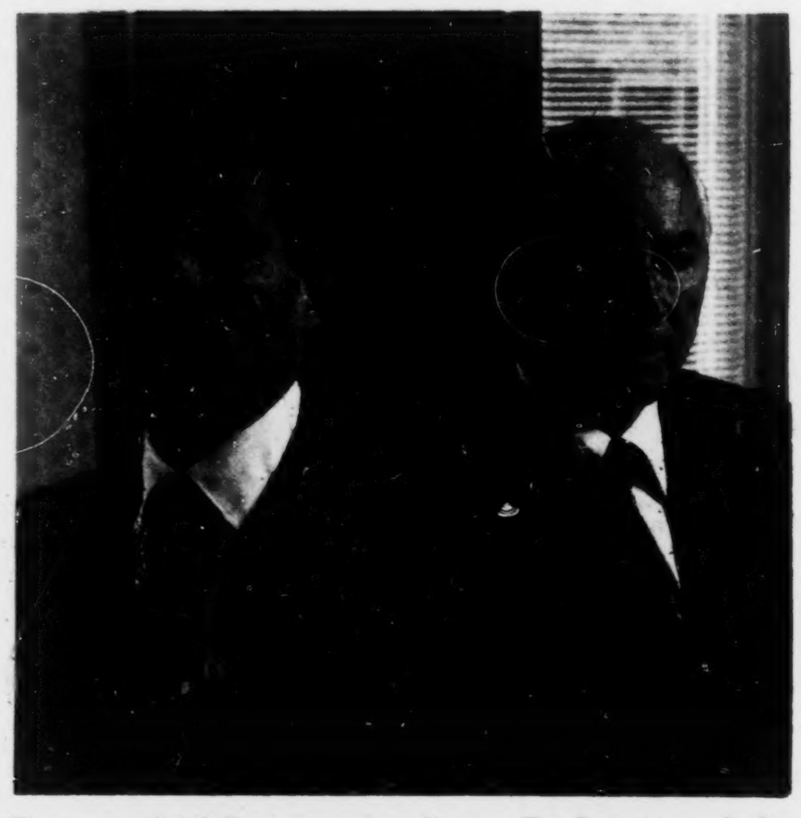
TWINSBURG, Ohio — Revco has washed its hands of a long and bitter dispute which rocked the 1,900-store chain and embroiled management in expensive litigation.

Bernard Marden and Isaac Perlmutter, the two Odd Lot principals who owned nearly 12%, or 4.4 million shares, of Revco stock, have been sent packing.

In an agreement struck with Revco, Marden and Perlmutter are allowed to enter the wholesale distribution business through a new company by paying Revco $3 million in cash. But they are prohibited for 10 years from purchasing Revco stock and from retailing close-out merchandise.

In exchange, Revco repurchased all of the former Odd Lot owners' 4.4 million shares for $22.50 per share, or $98.2 million. The day before the agreement was completed, Revco shares closed on the New York Stock Exchange for $23.25 per share.

Continued on page 33



Former Odd Lot owners Isaac Perlmutter, left, and Bernard Marden leave Revco with $95.2M.

Offensive warfare eyed

Rite Aid primes discount guns

CAMP HILL, Pa. — Rite Aid is eying a shift to the offensive as deep discounters and supermarkets escalate the price warfare in many of its markets.

Alex Grass, chairman and president, told shareholders at the annual meeting here that Rite Aid planned to launch five deep-discount stores by the end of the year.

Grass declined to name the markets, but did say that deep discounting had made a big impact in Baltimore, Rochester, Buffalo and Philadelphia, "to a limited extent."

"We do plan to carefully analyze" the situation, he said, and "probably go on the offensive."

Grass said that "generally the competition [from deep discounters] has not been too serious" for Rite Aid, but in Baltimore and Rochester the supermarkets have responded to the competition and "the markets are in a state of chaos."

Up to now, he said, Rite Aid has tried "to stay out of the price fray," relying instead on the fact that the conventional drug store customer "is accustomed to convenience" and to shopping close to home.

Rite Aid currently has five deep-discount stores, called Drug Palaces, in operation. In two instances, the company has converted conventional Rite Aids to Drug Palaces when deep discounters moved in too close for comfort.

Grass said he feels now that with supermarkets entering the competition and throwing the markets into disarray, the time may be ripe for switching from a defensive strategy.

During the meeting, Grass also focused on the reasons for the profit shortfall in Rite

Continued on page 34

TE NEWS....LATE NEWS....LATE NE

THRIFTY DRUG has named Ellis H. Axelrod vp-director of store operations, replacing Dominic J. Cavallo who resigned last month. Axelrod, former vp-store operations, has been with Thrifty for 31 years and has served in a variety of positions for the 546-store chain. His replacement has not been named. Axelrod is the son of Morris Axelrod, who had been a Thrifty stalwart for 48 years before his death last year.

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See page 25

'Better' Eckerd emerges after takeover battle

By Bruce Buckley

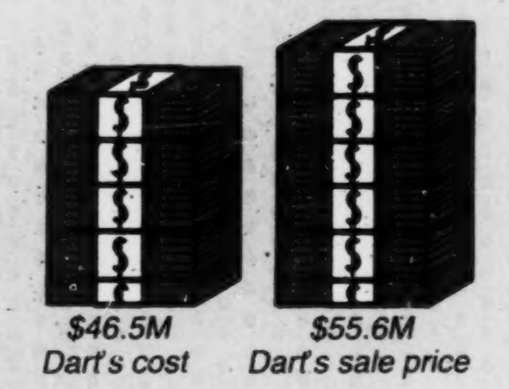
CLEARWATER, Fla. — With the Dart takeover threat removed, the slimmed-down Jack Eckerd Corp. finally seems ready to tackle the problems in its main line of business, the 1,500-store Eckerd Drug chain.

And none too soon, say Wall Street analysts.

"The drug chain's not falling apart," said Susan Schmierer of L. F. Rothschild, pointing out that the prescription business has remained very strong. "But the drug stores need a lot of reworking."

Analysts said that Eckerd's repurchase of Dart's 1.884 million share holding on top of its previous sell-off of the ailing American Home Video, JByrons and Eckerd Apparel subsidiaries allows senior management to focus all of its attention on the core business.

Dart gains $9M on Eckerd stock



"The question is," said Jerry Dombcik of Roulston & Co., "how much damage is there in the drug stores?"

Dombcik said there had been "some confusing pricing policies recently and some strong competition coming in. You have to keep in mind that they still have some very, very serious problems, but they're definitely a better company now."

In selling its 5% interest in Eckerd back to the company at $29.50 a share, or approximately $55.6 million, Dart realized a profit of roughly $9 million.

The consensus of industry observers was that a hostile takeover was never Dart's game. They said that Dart moved in and purchased the stock when it was at bargain basement rates following a poor quarter, and then waited.

Continued on page 33

Kiosks house Pathmark health center

By Tim O'Brien

SECAUCUS, N.J. — Pathmark has entered the home health care business the no-risk way . . . with no additional personnel, no inventory costs and no heavy space commitment.

In what could be the first liaison between a major food chain and a home health care provider, Pathmark is offering about 400 different medical items for sale or rent from small kiosks within its stores.

The food/drug chain's partner, and inventory keeper, in the venture is Professional Equipment Corp. of Hicksville, N.Y., a subsidiary of a 10-year-old home health care personnel provider, Health Extension Services.

Pathmark's kiosk features 400 home health care items.

Pathmark lends its name to the business and provides space for the small kiosk. In return, it makes an undisclosed commission on every sale or rental originating from, or as a result of the home health centers.

Kiosk ordering and information centers are currently being tested in four Long Island (N.Y.) Pathmark supermarket pharmacies and in one Pathmark drug store.

Pathmark has taken the concept of in-store catalog merchandising of home health care products a step farther than drug chains such as Thrift and Perry. It has added a direct hot-line phone system for immediate, ordering.

Continued on page 33

NEWS IN BRIEF

Walgreens earnings up 12%

DEERFIELD, Ill. — Walgreens reported that net earnings for the third quarter ended May 31 increased 12% to $21.5 million from $19.2 million in the comparable year-earlier period. Sales were up 15.7% to $792.6 million.

For the nine months, net earnings rose 14.6% to $68.1 million, or $1.11 per share, from $59.4 million, or 97¢ a share, in the same period last year. Sales increased 15.7% to $2.38 billion.

During the nine months, the company has opened 87 stores and plans to open 21 more during the final quarter. The company also anticipates a 6¢ a share gain from the sale of its Mexican affiliate during the fourth quarter.

Kroger sales, earnings rise

CINCINNATI — Kroger reported increases in both sales and earnings for the second quarter ended June 15.

The diversified food and drug retailer, which includes Kroger, Dillon Food Stores, SupeRx and Hook, reported net earnings for the quarter increased 8% to $46.7 million and sales increased to $3.99 billion from $3.8 billion over the same period last year.

Six-month earnings increased 25.9% to $78.1 million from $62 million over the same period last year. And six-month sales increased to $7.8 billion from $7.4 billion.

Kroger said the results for the quarter "reflected a continuing momentum in overall performance."

Shoppers launches Winnipeg Howie's

WINNIPEG, Canada — Shoppers Drug Mart, the 400-store Canadian drug chain, has opened its first "Howie's—More Than a Drug Store," in the city of Winnipeg.

Howie's, a separate division of off-price drug stores, also operates two stores in Montreal and two in Toronto. According to David R. Bloom, president and ceo, there will be "as many as 25 Howie's locations spread across Canada within the next five years."

This particular store is the first drug store in Manitoba Province to be fully scanner equipped.

Perry converts 27 Apex units

PONTIAC, Mich. — Perry Drug Stores has completed the conversion of the 27 Apex stores acquired in March. All the Metro Detroit Area stores now have the Perry name and format.

As special employee training sessions were being held for the 750 Apex employees with Perry policies, workers remerchandised, refixtured and resigned all the stores.

Pharmacy computer terminals were installed in all 27 stores in three days.

Apex stores are now serviced by Perry's Pontiac warehouse and are included in Perry's advertising and promotional programs.

Harris to purchase Narco

CLEVELAND — Harris Wholesale Co., the largest privately held drug wholesaler in the country, has signed an agreement to purchase Narco Drug Co. of St. Louis.

Narco, a major supplier of pharmaceuticals to retailers and hospitals in the St. Louis area, will operate as a subsidiary to Harris. Narco's management team, headed by Eugene T. Luning, chairman, will remain in place.

INDEX

Classified 34
Editorial. 4
Financial 6
Merchandiser 15
Pharmacy 23
Product Update 30

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Vol. 7, No. 17 August 5, 1985

Eckerd Radio goes on the air

By Tim O'Brien

CLEARWATER, Fla. — Eckerd Drug will launch a new dimension in point-of-purchase promotion next month when it goes "on the air" with a complete in-store radio broadcasting system.

"We're rolling into our 115 stores in the Houston market first," said Eckerd's advertising manager, Mel Ardelean. "Then we'll roll out the concept on a controlled chainwide basis." Ardelean said all 1,525 Eckerd stores will be equipped with their own POP radio station by the year's end.

Point-of-purchase radio is an in-store radio entertainment concept that uses a professional announcer and carries paid advertising. To the consumer, it sounds more like a traditional radio station than a custom made selling tool.

The concept got its original test at CVS in May and June of 1984. "We called it WCVS Radio," said Bob Hussey of POP Radio, the company that developed the concept.

CVS would have been the first chain to roll out the system, but a decision was postponed. The new management wanted to look at alternatives before making a commitment, according to Gary Charboneau, CVS's vp of advertising and sales promotion.

Peoples Drug is currently testing the concept, and according to Joe Pollard, vp of advertising, management likes what it hears so far.

"Eckerd Radio," as it is being called, was tested by the chain in its Tampa-Clearwater, Fla., market last November and December, and the results were impressive enough for the chain to sign POP Radio for all its stores.

Proclaiming that "One drug store is better than the rest . . . Eckerd," and that Eckerd customers are "Second to none . . . You're No. 1," Eckerd Radio disc jockey Dan Taylor (of WHN radio in New York City) announces the records and talks between them, directly to the customers.

The use of music in drug stores and supermarkets has long been recognized as a way to improve a store's atmosphere and extend the length of shopping visits.

Until POP Radio, there were only two widely used ways of piping music into a retail store—rebroadcasting of a local radio station, and subscribing to a background, Muzak-type service.

Up until a few years ago, there was no problem with stores rebroadcasting radio stations on their PA systems, but BMI and ASCAP, the country's two largest music licensing agencies, were able to get legislation passed that required a store to pay music royalty charges if they rebroadcast the music from a

Continued on page 34

Valu-Rite management reorganized

SAN FRANCISCO — In a move to strengthen support services to its 1,600 Valu-Rite pharmacies, McKesson Corp. has instituted major changes in the organization structure of the voluntary co-op program.

The biggest change is that Valu-Rite, formerly 1 of 10 independent operating units of the Drug & Health Care Group, has now been integrated into McKesson Drug.

And rather than reporting to Rex Malson, president of the group, Valu-Rite's management will report to McKesson Drug's excutive vp, Joe Polastri.

In addition, promotional account managers have been relieved of some of their service functions, including merchandising, signage, displays and decor, and will be free to concentrate on advertising.

The service functions will be taken over by newly appointed zone service sales managers. To date, McKesson has appointed such managers in four of its nine regions: Northeast, Southeast, northern California, and Pacific Northwest, with the remaining five regions due to be implemented by the end of the current fiscal year next March.

Ron Bone, president of Valu-Rite, told *Drug Store News*: "Because we are now working closer with McKesson, we can draw on their marketing resources; it wasn't as easy when we were not at the same management meetings."

An exec with a wholesale drug competitor says: "The zone sales manager move makes sense. As a self-standing company, the Valu-Rite sales force was selling against the McKesson sales force to some extent."

However, the wholesaler also notes that "Valu-Rite has lacked variety in merchandise—they had some of the same items—such as k.d. desks—for five years. If you don't change every two years, your promos go sour."

A veteran drug supplier, who competed against Valu-Rite when he owned a promotional sundries company, told *Drug Stores News*: "Valu-Rite has not made money for years. The reason McKesson keeps it alive is that it provides the drug retailer with a total resource for goods and services. And McKesson wants the drug business."

Arthur Lichtendorf, New York security analyst, says: "Valu-Rite has been overinventoried, and they've taken some writeoffs. To correct the situation, they've changed their buying patterns. Before, they first bought the goods and then arranged the promotion. Now they have a prebooking system before ordering. I also expect to see Valu-Rite expand their private label program because Tom Field (McKesson president) is experienced in private label and committed to quality products."

McKesson purchased Valu-Rite—then operated by Super Specials—from Hyatt Hotels in 1977. Before the acquisition, Valu-Rite was strictly a promotional sundries company, and its main vehicle was the circular. McKesson broadened the program to include private label, coupon redemption, magazine rebates, sunglasses, store fixtures, photo finishing, and signs, in addition to circulars.

Harrison: two-tier drug prices factor in Rx counterfeit stream

TORONTO — Jim Harrison, chairman of the National Association of Chain Drug Stores, responding to allegations about the proliferation of counterfeit drugs within the diversion marketplace, called the existence of counterfeit products within the retail drug store industry a "totally unacceptable phenomenon that cannot be tolerated."

Speaking to about 270 chain retailers and manufacturers gathered here for the annual NACDS General Merchandise show, Harrison called for "stricter and more rigid enforcement of laws regulating the distribution of illegally diverted and counterfeit drugs."

Asserting that legislative reforms are needed, Harrison said that part of the problem with counterfeit drugs and illegally diverted drugs arises from the existence of a two-tier pricing structure for pharmaceuticals in this country.

He described the existing two-tier system as one "racked with abuse" and said that it is "a major contributing factor to the illegal diversion of drugs."

Harrison said that to counteract the situation, NACDS is currently developing a comprehensive set of statutory recommendations for Congress.

The centerpiece of those reforms, he said, is a strong call for a "major overhaul of the Non Profit Institutions Act."

Pointing out that it is often difficult, it not impossible, for a retailer to know the "true source" of a drug, given the current state of affairs, Harrison urged retailers to be "ever vigilant" in their buying practices.

He warned that offers and promotions must be "carefully scrutinized to be sure of their legitimacy and integrity."

Harrison said that if the diverter market is going to continue to "have a place in the distribution system," that it "must find a way to be sure it has not itself, purchased for redistribution counterfeit or illegally diverted drugs."

FINANCIAL

Sales up; earnings down at Gray

CLEVELAND — Sherwin-Williams reported that Gray Drug Fair's sales were up 7% for the second quarter ended June 30, but operating income fell.

The company said additional stores and promotional programs were the reasons for the increased drug store sales. It blamed lower gross margins for the earnings decline.

Commenting on the results, John G. Breen, chairman, president and ceo of Sherwin-Williams, said: "Gray Drug Fair is continuing the process of refining merchandising and operations, and while their profits are down for the quarter, we are still confident that they will show meaningful improvement for the year."

Sherwin-William's earnings for the second quarter increased 12% to $28.5 million, or $1.23 per share fully diluted, compared to $25.6 million, or $1.09 a share, in the same quarter last year.

Sales were up 9% to $606.6 million from $557.3 million.

For the six months, net income increased 12.1% to $34.2 million, or $1.48 a share fully diluted, from $30.6 million, or $1.30 a share, last year.

Sales for the six months rose 7.6% to $1.1 billion from $1.02 billion last year.

Longs income up 10%

WALNUT CREEK, Calif. — Longs Drug Stores reported that net income for the first quarter ended May 2 increased 10% to $9.4 million from $8.5 million in the same year-earlier period. Earnings per share were 44¢ vs. 40¢ a year ago.

Sales for the quarter were up 13% to $347.8 million from $307.1 million.

During the quarter, Longs opened three stores, all in California, bringing the chain's total to 194.

Sales set records at Thrifty Drug

LOS ANGELES — For the first nine months of fiscal 1985, Thrifty reported record-high sales and earnings.

Sales for the period ended May 31 increased 8.4% to $1.04 billion compared to $961 million over the same period last year. Sales for the third quarter ended May 31 increased 9% to $342 million from $313.6 million for last year's quarter.

Net earnings for the third quarter increased 18% to $5.6 million compared to $4.8 million for the same period last year. For the nine-month period, net earnings were up 16% to $23.5 million from $20.3 million last year.

Same-store sales for the third quarter increased 6%.

Thrifty now operates 546 drug and discount stores and 82 sporting goods stores plus it owns 34% of Crown Books, a profitable chain of 181 book stores. Thrifty also owns a 50% interest in the Trak Auto parts chain. The combined results of these companies reduced Thrifty's income before taxes for the nine-month period by $1.03 million.

		STOCK PRICE							TREND TO MARKET				EARNINGS/SHARE					P/E	DIVIDENDS			FINANCIAL POSITION				
		From 06/28/85 - 07/15/85							Price Trend (% per day)		Volume Trend (% per day)			Latest 12 Months vs Preceding 12 Months Change					Indicated Dvd. rate						Last Fiscal Year (Per Share)	
					Change		52-Week															Last Fiscal Year				
Name	Symbol	High	Low	Close	Amt	Pct	High	Low	Last 30 Days	Last 5 Days	Last 30 Days	Last 5 Days	Last Fiscal Year	Amt.	Pct	5-Year Annual Growth Rate	Profit Margin	Latest P/E Ratio	Amt.	Yield	Last X-Dvd. Date	Revenue	Earnings	Current Ratio	Long Term Debt	Common Stock Equity
-	-	$	$	$	$	%	$	$	%	%	%	%	$	$	%	%	%	-	$	%	-	$ Mil	$ Mil	-	$	$
Chain Store transactions																										
Am Stores	ASC	67.50	65.75	66.75	.00	.00	67.50	32.50	.24	-.08	-4.05	-16.46	5.71	1.86 Q	49.7	82.0	1.5	11.9	.64	1.0	06-17-85	12118.8	185.5	1.2	37.93	21.40
Begley Co	BGLY	17.00	16.50	16.50	-.50	-2.94	17.63	15.00	-.05	-.69	4.17	33.33	1.33	-.30 N	-20.4	-8.0	1.1	14.1	.72	4.4	04-15-85	61.5	.7	1.9	15.55	18.26
Big B	BIGB	17.13	16.50	16.50	-.25	-1.49	19.50	8.88	-.27	-.38	-5.85	-15.08	.68	.14 Q	25.0	29.0	3.0	23.6	.00	.0	09-21-83	148.1	4.4	2.3	1.20	4.58
Drug Sys	DRGS	5.50	4.75	5.50	.25	4.76	5.63	3.25	.27	3.44	3.19	42.83	.35	-.21 F	-37.5	NC	1.2	15.7	.60	10.9	05-09-85	104.7	1.3	3.0	1.28	5.84
Eckerd, Jack	ECK	30.63	25.63	26.38	-3.38	-11.34	32.88	20.00	.05	-2.75	-2.47	44.65	2.27	-.03 N	-1.4	3.0	3.3	12.3	1.04	3.9	06-10-85	2622.5	85.4	2.0	2.52	16.47
Fay's Drug	FAY	10.75	9.13	10.38	1.13	12.16	13.00	8.75	-.14	2.92	1.50	28.96	.62	-.06 Q	-9.5	49.0	2.4	18.2	.20	1.9	06-24-85	366.7	8.7	1.8	1.65	4.28
Genovese Drug	GDX	14.25	11.50	11.88	-2.38	-16.67	16.63	9.13	.80	-.52	-4.87	14.17	1.03	-.13 Q	-12.7	55.0	1.9	13.3	.20	1.7	06-13-85	220.3	4.1	1.7	2.06	5.73
Longs Drg Strs	LDG	31.13	27.63	29.00	-1.63	-5.31	31.13	18.31	.11	-.04	.71	-25.64	1.88	.18 Q	10.3	12.0	2.9	15.1	.72	2.5	05-29-85	1375.8	40.1	2.1	.00	12.23
Medicare Glaser	MGCO	5.00	4.50	5.00	.00	.00	7.00	3.50	.00	.20	.01	40.38	.05	-.38 F	-88.4	25.0	.2	NM	.00	.0	00-00-00	81.7	.2	2.2	3.58	3.52
Perry Drug	PDS	21.38	20.88	21.00	-.38	-1.75	22.13	14.00	.22	-.47	-1.07	22.96	1.26	.10 S	8.8	17.0	2.1	16.9	.28	1.3	05-20-85	370.3	7.6	1.5	2.40	10.60
Revco Drug	RDS	25.25	23.13	24.75	.00	.00	32.88	22.50	-.27	.73	-.28	-22.86	2.54	-.45 N	-18.6	17.0	4.2	12.6	.80	3.2	06-10-85	2227.5	93.4	2.1	1.08	12.22
Rite Aid Corp	RAD	26.88	24.50	26.25	-.63	-2.33	33.50	21.00	-.63	1.31	3.02	-21.28	1.69	.22 F	15.0	11.0	4.8	15.5	.50	1.9	04-09-85	1445.7	69.9	1.9	2.02	8.58
Thrifty Cp	TFD	22.00	21.13	21.38	-.25	-1.16	22.88	14.25	-.02	-.49	-1.64	-14.25	1.40	.24 S	18.8	21.0	2.1	14.1	.60	2.8	05-06-85	1299.3	27.9	1.5	4.46	7.72
Walgreen Co	WAG	27.75	26.00	26.63	-1.00	-3.62	30.25	17.25	-.46	-.57	2.23	-4.00	1.39	.20 S	15.5	31.0	3.1	17.9	.44	1.7	05-14-85	2744.6	85.4	1.7	.87	6.76
Wholesaler's transactions																										
Bergen Bruns	BBCA	32.38	29.00	32.13	3.00	10.30	32.38	20.00	.21	.82	2.18	21.24	1.57	.35 N	22.6	24.0	1.2	16.9	.32	1.0	07-26-85	1703.4	19.7	1.6	1.08	11.11
Bindley Wstn	BIND	13.75	12.00	12.75	-.88	-6.42	15.00	9.00	-.45	.25	-1.71	-22.32	.73	.16 Q	26.7	39.0	.8	16.8	.00	.0	05-01-85	566.7	4.7	1.4	.08	5.46
Cardinal Distrb	CDIC	18.25	17.00	18.00	1.00	5.88	18.50	10.91	.22	1.03	8.08	69.22	1.01	.09 F	9.8	NC	1.2	17.8	.08	.4	06-25-85	320.0	3.7	1.8	.92	5.91
Durr Fillauer	DUFM	15.25	13.00	14.75	1.75	13.46	15.25	8.69	.21	-.02	2.09	11.36	.74	.15 Q	23.4	22.0	1.7	18.7	.14	.9	07-01-85	341.7	5.8	2.3	1.21	6.05
McKesson Cp	MCK	48.00	46.38	47.38	.13	.26	50.00	34.63	-.10	-.63	-2.86	3.93	3.60	-.18 F	-4.8	-1.0	1.3	13.2	2.40	5.1	05-28-85	4887.1	65.0	1.5	12.99	30.40
Foxmeyer Cp	FXM	25.38	23.13	23.13	-1.88	-7.50	29.75	21.00	-.46	-2.05	2.34	-1.91	1.56	.29 F	22.8	60.0	1.3	14.8	.00	.0	00-00-00	717.1	9.0	2.0	3.95	11.86
Ketchum	KCH	22.50	20.75	21.00	-1.50	-6.67	23.88	10.09	.12	-1.07	-6.19	-21.86	.77	-.46 N	-49.5	100.0	.3	44.7	.00	.0	09-24-84	245.1	.8	1.5	6.37	6.74
Owens & Minor	OBOD	24.25	22.50	23.75	1.25	5.56	24.25	12.00	.22	-.80	-1.98	-30.52	1.43	.17 Q	12.3	49.0	1.2	15.3	.40	1.7	06-10-85	306.7	3.6	3.0	8.02	12.81
Manufacturer's transactions																										
Abbott Labs	ABT	60.00	56.25	58.38	1.00	1.74	60.00	36.75	.08	.48	-.62	-10.65	3.34	.49 Q	16.5	26.0	13.0	16.9	1.40	2.4	07-09-85	3104.0	402.6	1.9	3.91	13.33
Am Home Prod	AHP	66.25	62.25	65.88	2.00	3.13	66.88	46.75	-.18	1.03	-.53	-16.56	4.39	.35 Q	8.5	15.0	15.1	14.8	2.90	4.4	05-07-85	4485.5	675.6	3.4	.26	13.74
Baxter Travenol	BAX	16.50	14.00	14.00	-1.38	-8.94	18.13	11.75	.01	-2.94	2.60	-13.74	1.03	-.39 Q	-26.9	6.0	8.1	13.2	.37	2.6	06-04-85	1800.4	145.1	1.6	1.46	7.83
Block Drugs Co	BLOCA	40.50	36.00	38.00	2.50	7.04	40.50	24.75	.32	-1.79	1.27	-54.76	3.48	.30 F	9.4	15.0	10.5	10.9	1.00	2.6	06-11-85	247.8	25.9	2.3	2.34	20.08
Bolar Pharm	BLR	44.75	40.50	42.75	2.50	6.21	45.25	22.50	.43	-.89	1.83	-20.64	1.22	.15 Q	12.9	40.0	18.2	32.6	.05	.1	02-08-85	29.1	5.3	7.5	.00	7.41
Bristol-Myers	BMY	65.75	60.63	65.00	3.63	5.91	65.75	43.38	.09	.56	.86	6.36	3.45	.42 Q	13.4	20.0	11.3	18.3	1.88	2.9	06-28-85	4189.4	472.4	2.5	.75	15.63
Carter-Wallace	CAR	43.25	40.13	43.25	2.75	6.79	43.25	20.75	.18	1.38	-3.00	45.05	2.66	.29 F	12.2	34.0	5.9	16.3	.52	1.2	04-12-85	348.8	20.7	2.4	1.69	21.87
Forest Labs	FRX	32.25	28.88	29.75	-2.25	-7.03	32.50	11.25	.28	.18	-.99	-20.27	.73	.19 F	35.2	21.0	16.3	40.8	.00	.0	01-14-83	25.8	4.2	8.3	.28	5.42
ICN Pharm	ICN	11.00	9.88	10.63	-.38	-3.41	12.25	6.75	.24	.96	.07	9.67	.00	-.18 Q	-78.3	52.0	1.6	NM	.00	.0	00-00-00	44.8	.7	3.0	2.43	4.50
Key Pharm	KPH	10.75	9.88	10.63	.75	7.59	17.13	8.00	.26	-.21	3.42	-14.97	.61	.06 Q	10.9	63.0	14.6	17.4	.20	1.9	06-10-85	151.1	22.1	2.1	1.16	1.67
Lilly Eli Co	LLY	89.75	85.63	89.25	2.75	3.18	90.38	53.00	-.08	.54	-2.55	-3.21	6.73	.60 F	9.8	12.0	15.8	13.3	3.20	3.6	05-09-85	3109.2	490.2	1.7	1.63	31.04
Lee Pharm	LPH	7.88	5.25	6.88	1.25	22.22	9.63	2.13	.12	7.01	5.61	39.92	.13	.58 S	NE	16.0	6.2	28.6	.00	.0	00-00-00	8.1	.5	3.0	.20	1.73
Marion Labs	MKC	37.13	35.00	35.50	-1.25	-3.40	39.75	16.50	-.35	-.19	-2.02	2.27	.62	.29 N	51.8	60.0	10.6	41.8	.28	.8	06-14-85	226.4	24.1	2.4	.02	3.52
Merck & Co	MRK	116.13	109.00	115.63	3.00	2.66	116.13	78.25	.08	-.03	-.99	-22.10	6.71	.60 Q	9.6	7.0	13.8	16.9	3.20	2.8	06-03-85	3559.7	493.0	2.0	2.48	35.29
Morton Thiokol	MTI	37.50	33.63	37.25	3.25	9.56	37.50	23.81	.31	.13	2.10	-21.08	2.16	1.89 N	93.1	45.0	5.5	9.5	.64	1.7	05-24-85	2001.5	109.8	1.5	2.94	12.50
Mylan Labs	MYLN	25.75	23.75	25.75	1.75	7.29	25.75	9.50	.11	.94	-.38	.80	.52	.32 F	160.0	108.0	23.3	49.5	.05	.2	02-19-85	53.6	12.5	5.9	.09	1.22
Newport Pharm	NWPH	11.50	10.00	10.00	.00	.00	12.00	3.25	.18	-2.81	3.58	7.53	-.21	.17 N	NE	-10.0	-26.0	NM	.80	8.0	05-23-85	7.7	-2.0	2.6	.22	.93
Pfizer Inc	PFE	53.13	47.50	52.50	3.00	6.06	53.13	29.38	.09	1.27	.45	-16.46	3.08	.38 Q	13.5	22.0	13.2	16.4	1.48	2.8	07-26-85	3854.5	507.9	2.3	2.10	15.45
Reid Prov Labs	REID	6.63	6.00	6.38	-.25	-3.77	6.63	2.75	1.22	-1.24	-.92	.20	.12	-.08 N	-40.0	52.0	6.7	53.1	.04	.6	12-10-84	13.4	.9	3.1	.02	.92
Robins, AH	RAH	19.25	17.13	18.50	.88	4.96	24.38	12.00	.16	1.76	-7.46	-7.52	-18.44	-20.58 Q	-100.0	-96.0	-73.0	NE	.00	.0	11-19-84	631.9	-461.6	1.7	.47	-5.23
Rorer Group	ROR	36.63	33.63	34.00	-2.63	-7.17	37.38	24.00	.08	-1.51	-1.93	15.77	2.08	.00 Q	.0	6.0	8.5	16.3	1.12	3.3	08-05-85	522.1	44.3	1.9	2.18	11.07
Scherer RP Co	SCHC	11.63	10.88	11.63	.50	4.49	12.38	8.63	-.02	.72	7.74	-31.11	-.43	-.95 F	-100.0	-17.0	-2.0	NE	.32	2.8	06-12-85	167.4	-3.4	1.9	4.83	11.14
Searle, GD	SRL	58.63	53.38	57.50	3.50	6.48	65.50	43.88	-.12	1.37	-1.72	20.24	3.24	.22 Q	6.9	18.0	13.0	16.8	1.00	1.7	05-07-85	1245.8	161.6	2.1	3.46	17.37
Squibb Corp	SQB	72.63	63.00	70.38	7.25	11.49	72.63	41.88	.42	.84	4.35	-10.56	3.68	.41 Q	12.2	22.0	10.5	18.7	1.76	2.5	05-13-85	1886.0	197.2	2.3	3.74	24.87
Sterling Drug	STY	32.50	30.13	31.88	.00	.00	34.25	24.00	-.27	.81	.03	5.92	2.37	.14 Q	6.2	5.0	7.8	13.2	1.20	3.8	04-30-85	1827.3	143.4	2.6	1.32	15.34
Syntex Corp	SYN	65.50	62.75	64.75	.88	1.37	65.50	39.88	-.02	.48	-.79	7.19	4.08	-.27 N	-6.2	19.0	14.7	15.7	1.92	3.0	05-13-85	916.5	134.6	2.1	5.36	18.81
Thompson Med	TM	16.50	16.00	16.38	.38	2.34	24.63	13.25	.02	-.02	.49	-1.66	2.20	-.67 S	-30.7	31.0	10.8	10.8	.40	2.4	06-25-85	197.2	21.2	4.3	.00	7.09
Upjohn Co	UPJ	122.50	108.25	120.50	12.25	11.32	122.50	45.00	.25	.48	3.11	-16.33	5.67	-.69 Q	-11.7	.0	8.0	23.1	2.56	2.1	04-01-85	2179.1	173.3	1.7	12.47	37.00
Warner-Lambrt	WLA	45.25	42.50	44.63	1.25	2.88	45.25	29.25	.19	.28	-.18	-24.71	2.81	.28 Q	10.7	7.0	7.1	15.4	1.48	3.3	05-06-85	3166.7	223.9	1.7	6.47	18.18
Zenith Labs	ZENI	28.25	22.88	27.25	4.25	18.48	28.25	4.44	.97	.48	3.04	6.65	.28	.26 Q	118.2	109.0	7.7	56.8	.00	.0	06-19-85	37.5	2.9	2.6	.27	1.99

All data is based on sources believed to be reliable, but its accuracy is not guaranteed. Every effort will be made to correct errors, when discovered, in future issues.

Footnotes:

NA - Not Applicable
NC - Not Calculable
NE - Negative Earnings
NM - No Meaningful Figure
Q - First Quarter
S - First 6 Months
N - First 9 Months
F - Fiscal Year

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Merchandiser:
Bulk laxative sales grow but stimulants lead—p.15

Pharmacy:
Neb U. Rx school to remain open—p.25

Beauty Beat:
Medicated mousse makes hair care headway—p.23

DRUG STORE NEWS®

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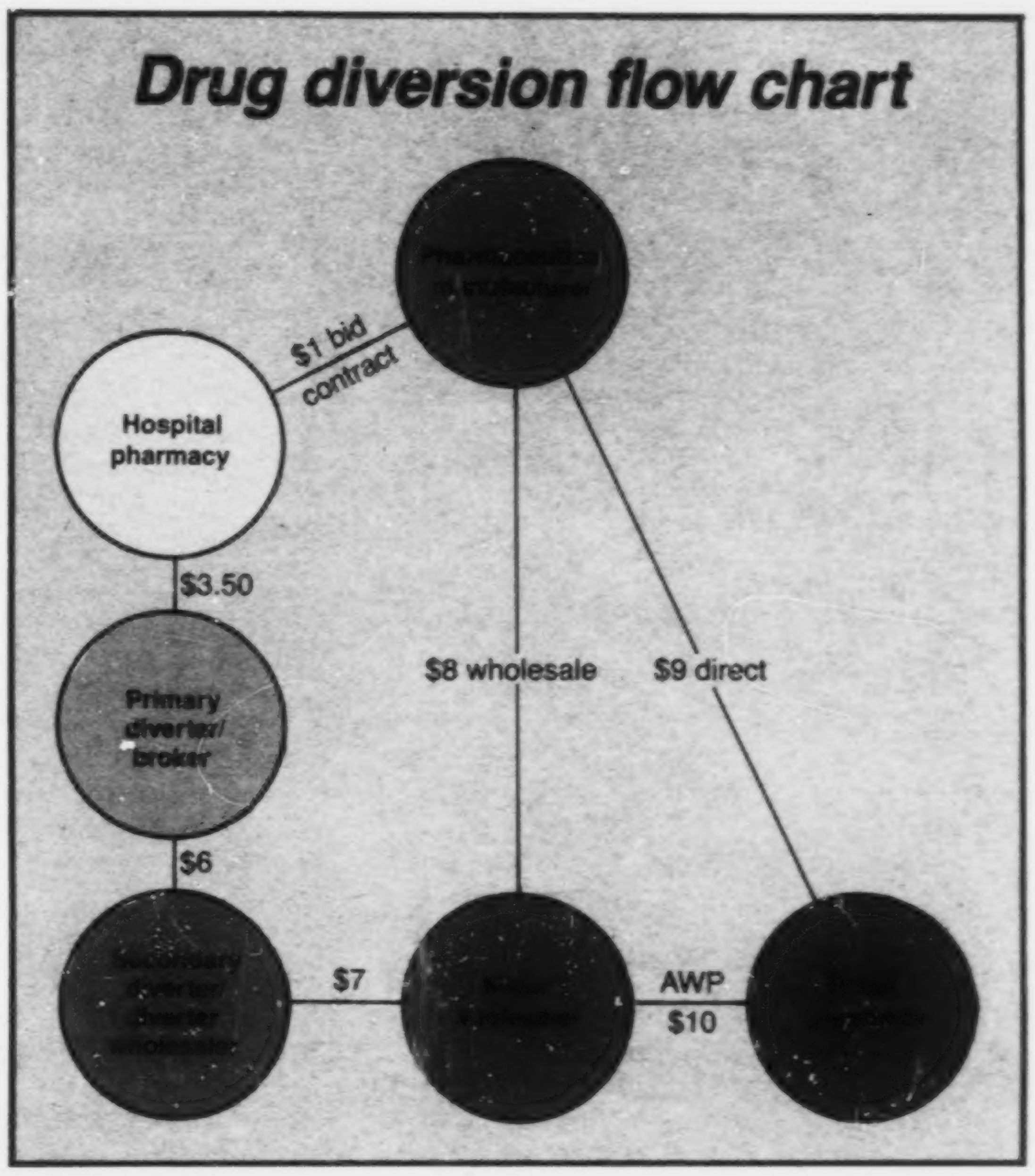


Dingell's subcommittee drew this picture of a typical diversion flow chart. Retailers and wholesalers who buy direct from the manufacturer pay 800% and 900% more than not-for-profit hospitals. The result: Hospitals divert some goods into the wholesale/retail market.

Bindley execs, 40 others charged in FBI drug probe

ATLANTA — The FBI and the Georgia U.S. Attorney's Office, in the process of investigating what agents call one of the largest drug diversion schemes in U.S. history, has charged 43 individuals, including three former Bindley Western execs and one former Lawrence Pharmaceutical exec, with various charges of fraud in the acquisition of diverted pharmaceuticals.

Another 40 individuals and companies, including possibly major wholesale and retail drug chains, are still being investigated, according to Georgia U.S. attorney Larry Thompson.

In what seems to be a related move, Jack Laughner, the exec vp for Bindley Western and a company director, has resigned.

In a prepared statement Bindley has acknowledged that it is being investigated, for among other things the company's purchase of pharmaceuticals from secondary suppliers, and the personal involvement of company personnel in such activities.

The three Bindley executives named in the Atlanta charges had previously been fired by the company. The three are: Mike Gemmill and Steve Asher, both vice presidents, and Harry Nail, a sales manager.

Also named were Ed Barnwell Jr., a former vice president for Lawrence Pharmaceuticals, and James Wilson, a pharmacist for Drug Emporium.

They were charged with one or more of the following: mail fraud, wire fraud and misbranding drugs.

A total of nine pharmacists were named in the first wave of charges, as well as 11 physicians, 19 wholesaling executives and four manufacturers' sales reps.

Continued on page 38

* * *

Execs to Congress: pricing is problem, not counterfeit drugs

NEW YORK — Chain drug executives, worried that a Congressional subcommittee's preliminary report on drug diversion is going to frighten the American consumer because of its strong emphasis on the threat of drug counterfeiting, are calling for a more balanced presentation of the problem.

Retailers accuse Congressional staffers for Rep. John Dingell, chairman of the House subcommittee on drug diversion, of making allegations that frighten consumers without proof that a dangerous situation exists.

They are also urging manufacturers to eliminate the two-tiered pricing policies that they said leads to diversion.

"Multitiered pricing that leads to abuse of the discounted prices that manufacturers allow for nonprofit institutions are the root cause of the problem," says Bob Bolger, president of the National Association of Chain Drug Stores. "Eliminate multitiered pricing and you'll eliminate diversion."

Continued on page 37

McKesson beefing up distribution

SAN FRANCISCO — McKesson Corp., which has made three major wholesaling acquisitions in the past four months, plans to further strengthen its wholesale division in fiscal 1986 by investing $37 million in six additional "state of the art" distribution facilities.

The $37 million construction costs will be spread over a three-year period and will result in a total of six new facilities for McKesson, each in the 275,000- to 300,000-sq.-ft. range.

Over the course of the past five years, McKesson opened 12 new distribution centers at a cost of $41 million.

In addition, the company has been acquiring smaller wholesalers at a dramatic rate both inside and outside the drug wholesaling arenas. Since April, McKesson has acquired Spectro Industries of Jenkintown, Pa.; Mass Merchandisers Inc. in Arkansas and S-P Drugs of Brooklyn.

Tom Field, McKesson's coo and president told stockholders at the company's annual meeting here last month that the various businesses that McKesson has acquired in the past fiscal year have added a total of $24 million in sales to McKesson's revenue base. He went onto say McKesson's share in the drug wholesaling

Continued on page 38

Rite Aid rolls out scanners chainwide

By Bruce Buckley

SHIREMANSTOWN, Pa. — Rite Aid Corp. has begun a chainwide rollout of one of the most sophisticated new in-store computer systems in the retail drug industry.

Rite Aid, which operates more than 1,300 drug stores, expects to complete the installation at a rate of about 50 new stores a month.

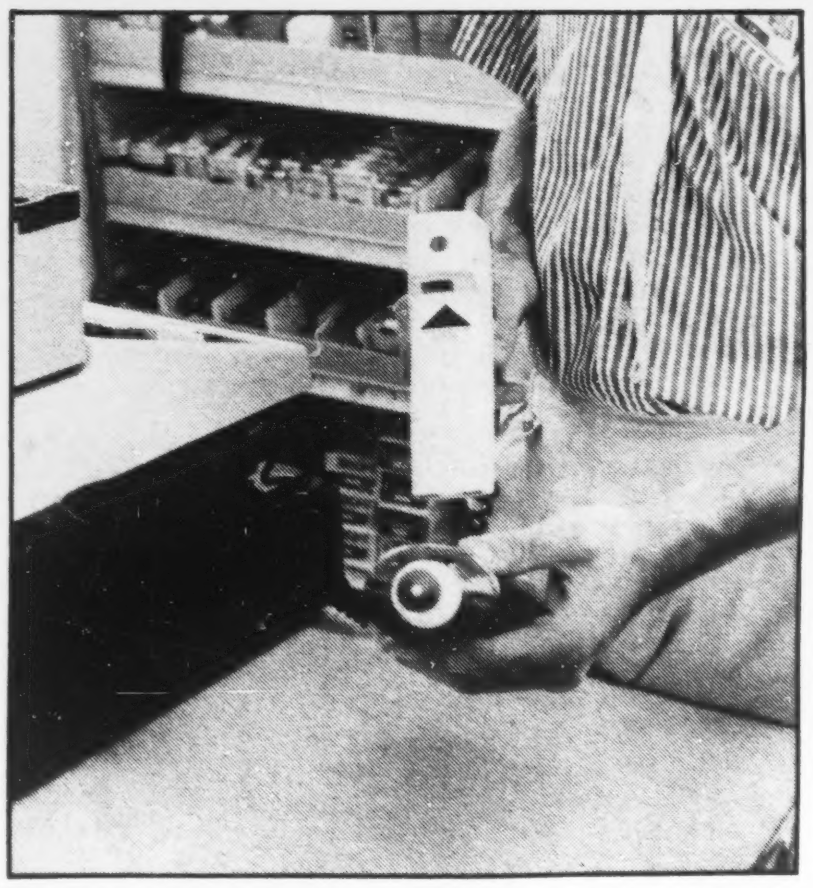
The system, designed by Bensalem, Pa.-based SASI (Stores Automated Systems Inc.), integrates point-of-sale scanning cash registers with a powerful computer located in each store manager's office.

A separate pharmacy computer system with its own central processing unit is also linked to the central computer in the manager's office.

According to Duane Ruble, senior vp, Rite Aid anticipates that scanning alone will generate an overall saving of one-half to three-quarters of a percentage point, mainly from the labor savings in eliminating item price marking and from weeding out cashier ring-up errors.

That is not a negligible saving for a company whose drug stores generated almost $1.3 bil-

Continued on page 38



Faster checkout has not been a big factor in Rite Aid's scanning system, but price accuracy has.

TE NEWS....LATE NEWS....LATE NE

WHITE DRUG ENTERPRISES, the 39-store drug chain with headquarters in Jamestown, N.D., has been taken off the selling block by its parent company, Drug Systems Inc. Company sources said that negotiations between the chain and prospective buyers have been terminated for undisclosed reasons.

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Fay's tries POS scanning in Westvale, N.Y.

LIVERPOOL, N.Y. — Fay's began testing a computerized point-of-sale scanning system in a store in Westvale, N.Y., last week.

There are no plans to unroll such a system chainwide, but Fay's will be evaluating the checkout scanners for at least six months to see if it would be feasible in other locations.

Its success will depend on whether cost savings can be derived from improved inventory tracking and faster checkout times.

"Scanning will develop slowly because it's a mammoth undertaking," said Kandy Daley, director of pharmacy systems, who is overseeing the installation of the system. "We are at the wait and see stage," she stressed.

The store is equipped with seven computerized registers. The front-end register has a $3,000 NCR 2126 slot scanner while the others have less costly $950 hand-held scanners. Fay's bought the equipment outright. The total cost of installation was $10,000, said Daley.

At store level all of the information from the registers will be stored in a Decision Mate Five computer. Later, Fay's plans to install a communications hookup between the in-store registers and an IBM-38 computer at corporate headquarters.

Before the scanning system could be installed, the number of items requiring universal product codes had to be tallied. About 20,000 products required the code and 65% of them already were coded. The remaining merchandise, which included store-brand products, then had to be coded with a corporate UPC number.

After the coding was completed, all of the items had to be keyed into a computer file, a time-consuming task, noted Daley.

The Westvale store was chosen as a scanning site because it is an average 13,000-sq.-ft. store where the midrange sales volume would not be likely to overtax the untested system. In addition, the store manager was eager to experiment and the store's proximity to Liverpool, N.Y., the headquarters of the 129-unit chain, made it an even more desirable site, said Daley.

In New York, the fate of computerized point-of-sale scanning in drug stores will depend on the extension of a state law stipulating that all merchandise in certain retail establishments must be price marked.

Although this law, which expires at the end of 1985, is primarily directed at food and mass merchandise retailers, Daley said that Fay's legal counsel felt that it might eventually affect drug stores. Consequently, scanning would not be financially feasible if all items in a drug store had to be price marked, said Daley.

NEWS IN BRIEF

Medi Mart launches two units

BOSTON, Mass. — Medi Mart Drug Stores opened its 64th and 65th stores simultaneously on Saturday, Aug. 10. The new stores are located in Enfield, Conn., and Wakefield, Mass. The stores feature the chain's new bold and colorful graphics package and new planogramming, including wider aisles. The Wakefield store also has a small convenience food department featuring bakery and dairy products, frozen foods, snacks and drinks.

Begley sales up in 1st quarter

RICHMOND — Begley company reported an increase in sales and net profits for the first quarter ended June 30. Sales climbed 6% and earnings 9% compared to the same period last year. During the quarter the company opened one drug store, one home health care center and five dry cleaning stores. Begley now operates 43 drug stores and six home health care units. Robert Begley, chairman and president, said the company plans on opening two more home health care centers by the end of the year.

Commtron acquires Cibcoa

LOS ANGELES — Bergen Brunswig Corp. has announced that its wholly owned subsidiary, Commtron, a leading distributor of prerecorded video tapes, has signed an agreement to acquire Cibcoa Inc., a nationwide distributor of consumer electronics.

Under the terms of the agreement, Bergen Brunswig will pay Cibcoa an undisclosed amount of cash and notes. The closing will take place at the end of August.

Cibcoa's annualized sales volume totals about $80 million, while Commtron expects to have revenues in excess of $300 million when the fiscal year closes on Aug. 31.

"The combination of Commtron's expertise in prerecorded video tapes and Cibcoa's strength in consumer electronics should provide a convenient source for most of the requirements of the customers served by both companies," said Emil P. Martini Jr., chairman and ceo of Bergen Brunswig.

Hook's launches Mich. unit

INDIANAPOLIS — Hook's, the 303-store drug chain, has expanded its market area into Michigan. The chain recently opened its first in that state in a new strip center in downtown Niles, Mich., a community of 13,000, just five miles north of South Bend, Ind.

The new store, in the new state, is not the beginning of a grand plan for expansion into Michigan, but just "a logical extension of a market in which we already have seven stores. The new store just happens to be in a different state," said Hook's Tom Dingledy.

The 7,500-sq.-ft. store is a "typical Hook's prototype" and will be able to benefit from the South Bend's market's efficiencies in advertising and distribution.

INDEX

Classified 37
Financial 6
Merchandiser 15
Pharmacy 25
Product Update 35

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Vol. 7, No. 18 August 19, 1985

Revco launches Ohio scanning test

TWINSBURG, Ohio — Revco expects to launch its first "pure" in-store scanning test in the Cleveland area later this month.

The scanning test will probably be followed in five or six months with a one-store test of a full blown in-store computer integration system.

Both tests will initially concentrate on cost justification. Revco executives hope to break even on the scanning investments within six months to a year.

Revco has already had positive results from its test of scanning in its Get It For Less deep-discount drug stores, and the company has been receiving product-movement reports and other types of scanning data from the marketing research company Information Resources. Executives at I.R. have been monitoring and collecting product-movement data from scanners they installed in a handful of Revco stores. However, in the I.R. program, known as BehaviorScan, Revco does not own the scanners and does not control the program.

The scanning test will enable Revco's vp of systems Scott Leeseberg to tailor the scanner programs to Revco's needs.

The initial test will be very basic, using a price look-up system that will also capture product movement. Leeseberg expects results from the test to allow the program to be expanded to three or four stores "relatively quickly."

The computer store integration test will also be done in a store located close to Revco headquarters, but it will probably not be in the same stores as those testing scanners.

Over the past few years, Revco has gradually been replacing most of its cash registers with those that are upgradable to both scanning and store integration.

In the store integration test, a personal computer will link the front-end registers to Revco's main frame at headquarters. The intregration will enable Revco to automate a series of functions including direct store deliveries, inventory control, electronic mail, price updates, product deletions and additions and markdowns.

In the scanning part of the experiment, Revco will be using a combination of both slot scanners and hand guns. Leeseberg thinks that if scanning does justify its cost, the company will probably use a combination of both systems in future stores, but the test is also designed to see if one system is superior to the other.

Leeseberg does not expect to have to make any major design modifications in Revco's store layout to accommodate the slot scanner. It will probably just be incorporated into the counter or directly next to the front-end counter as it currently exists in Revco stores.

London steps up computer rollout, phase one of $20 million system

By Lou Karney

RICHMOND, British Columbia — London Drugs, the first Canadian drug chain to install checkout scanners, has installed them in 11 stores, with four more scheduled by November. The remaining nine stores will be completed by June 1986.

Scanners are the first step in London's five-year $17 million to $20 million long-range systems plan.

Currently, 55% to 60% of all items stocked are UPC-coded at the source. This represents 80% of merchandise sold. Of the remaining 40%-45%, all but 12%-15% are UPC-coded at the store, with the balance—accounting for about 7% of store sales— rung up manually.

London's checkout scanners are NCR T9020. At headquarters, a model I9020 telecommunications processor pulls sales and financial data from the stores at the end of each day and transmits the information to a Wang VS/100 for storage in a master file. The Wang is the storage center for merchandising, warehousing, accounting, and office functions.

Tied to the Wang in the main office are desk terminals for employees in all departments at all levels—executive, office, warehouse, accounting. Buyers use the Wang to generate purchase orders, while the warehouse processes receiving and shipments to the stores.

Eventually, London will install an in-store system which will pull together all existing and future systems in the stores, such as time/attendance, pharmacy, POS, and direct store delivery.

London is no stranger to store-level computerized systems—pharmacy terminals were installed eight years ago.

Pat Fisher, London's manager of information systems, told Drug Store News that the short-term priority of the program is to get improved merchandising information to buyers. Long-term, it is to build an improved management information system for executive and store-level management.

"We are in an increasingly competitive marketplace," says Fisher, "and we feel these systems will enable us to get the required information on time, as well as helping us keep a lid on support costs."

FINANCIAL

McKesson profits rise 21%, revenue up 19%

SAN FRANCISCO — For the first quarter of fiscal 1986 which ended June 30, McKesson Corp. increased revenues 19% to $1.4 billion, while income from continuing operations was up 15% to $16.9 million.

Operating profit increased by 21% to $44.5 million. The record results reflected strong performances by the company's Drug & Health Care, Beverage and Development groups, according to Neil E. Harlan, chairman and chief executive officer.

After deducting corporate expense and interest expense, which increased because of borrowings to finance the recent acquisition of Spectro Industries, pretax income rose 17% to $32.5 million from $27.8 million.

Harlan said the company's cash flow would enable it to reduce its debt quite rapidly and operating profit will drop to the bottom of the income statement.

Net income was $16.9 million compared with $15.4 million, a year earlier. The results last year included a profit of $691,000 or 3¢ a share from discontinued operations.

The company's Drug & Health Care Group, which accounted for 64% of first quarter revenues and 48% of operating profit, reported a 29% rise in revenues to $878.7 million and a 28% gain in operating profit to $21.5 million. The gains were led by the group's wholesale drug distribution operations, which now includes Spectro, acquired in May, and Johnson Drug, acquired last December. Drug Group results were adversely impacted by continuing losses by the group's 3PM unit, a developer of pharmacy computer systems.

Bindley net income up 14%

INDIANAPOLIS — Bindley Western Industries has reported that net income for its second quarter ended June 30 increased 14% to $1.4 million, up from $1.26 million for the same period in 1984. Earnings per share increased to 22¢ from 20¢ a year ago.

Sales for the second quarter were up 7% from the 1984 figures, to $142.8 million.

For the first half of 1985, the company's net income increased 17% to $2.66 million, up from $2.3 million. Earnings per share rose to 41¢ from 36¢ during the first half of 1984. Sales for the first two quarters totaled $296.9 million, up 12%.

Sales to fly in '85–Perry

MINNEAPOLIS — Perry Drug Stores chairman and ceo, Jack A. Robinson, told security analysts here that he expects his company to reach sales in excess of $515 million for the 1985 fiscal year ending Oct. 31. Just four months ago, he predicted sales of $495 million.

Robinson told the group of analysts and portfolio managers that he expects to exceed earnings per share of $1.50 for the year.

Discussing the third quarter which ended July 31, Robinson said sales will reach $140 million, 47% more than last year's $95 million.

		STOCK PRICE							TREND TO MARKET				EARNINGS/SHARE					P/E	DIVIDENDS			FINANCIAL POSITION				
		From 07/12/85 - 07/29/85							Price Trend (% per day)		Volume Trend (% per day)			Latest 12 Months vs Preceding 12 Months Change					Indicated Dvd. rate						Last Fiscal Year (Per Share)	
					Change		52-Week		Last 30 Days	Last 5 Days	Last 30 Days	Last 5 Days	Last Fiscal Year			5-Year Annual Growth Rate	Profit Margin	Latest P/E Ratio			Last X-Dvd. Date	Last Fiscal Year		Current Ratio	Long Term Debt	Common Stock Equity
Name	Symbol	High	Low	Close	Amt	Pct	High	Low						Amt.	Pct				Amt.	Yield		Revenue	Earnings			
-	-	$	$	$	$	%	$	$	%	%	%	%	$	$	%	%	%	-	$	%	-	$ Mil	$ Mil	-	$	$
Chain Store transactions																										
Am Stores	ASC	67.00	61.00	61.88	-4.75	-7.13	67.50	35.25	-.24	-.69	.07	11.99	5.71	1.86 Q	49.7	34.0	1.5	11.0	.64	1.0	06-17-85	12118.8	185.5	1.2	37.93	21.40
Begley Co	BGLY	17.00	16.50	16.50	.00	.00	17.63	15.00	-.20	.37	.82	.00	1.26	-.07 F	-5.3	1.0	1.1	13.1	.72	4.4	04-15-85	66.1	.7	1.7	13.77	18.84
Big B	BIGB	16.63	14.25	14.63	-2.13	-12.69	19.50	10.38	-.55	-2.06	5.64	28.63	.68	.14 Q	25.0	11.0	3.0	20.9	.00	.0	09-21-83	148.1	4.4	2.3	1.20	4.58
Drug Sys	DRGS	5.88	5.50	5.88	.38	6.82	5.88	3.38	1.03	.44	5.35	5.99	.35	-.21 F	-37.5	NC	1.2	16.8	.60	10.2	05-09-85	104.7	1.3	3.0	1.28	5.84
Eckerd, Jack	ECK	27.75	25.63	26.25	-3.25	-11.02	32.88	20.00	-.46	.10	-.69	-16.77	2.27	-.03 N	-1.4	2.0	3.3	12.2	1.04	4.0	06-10-85	2622.5	85.4	2.0	2.52	16.47
Fay's Drug	FAY	10.75	9.38	9.50	-.88	-8.43	13.00	9.00	.05	-.70	1.05	7.81	.62	-.06 Q	-9.5	35.0	2.4	16.7	.20	2.1	06-24-85	366.7	8.7	1.8	1.65	4.28
Genovese Drug	GDX	12.38	11.63	12.00	-.13	-1.03	16.63	9.13	.14	-.27	-5.07	-11.70	1.03	-.13 Q	-12.7	37.0	1.9	13.5	.20	1.7	06-13-85	220.3	4.1	1.7	2.06	5.73
Longs Drg Strs	LDG	30.00	28.00	28.38	.38	1.34	31.13	19.50	.02	-.74	-3.63	-19.91	1.88	.18 Q	10.3	9.0	2.9	14.8	.72	2.5	05-29-85	1375.8	40.1	2.1	.00	12.23
Medicare Glaser	MGCO	5.00	4.50	4.75	.00	.00	7.00	3.50	.13	-.13	-5.74	-15.74	.05	-.38 F	-88.4	13.0	.2	95.0	.00	.0	00-00-00	81.7	.2	2.2	3.58	3.52
Perry Drug	PDS	21.38	20.13	21.38	.25	1.18	22.13	15.25	-.01	.70	3.12	-9.08	1.26	.10 S	8.8	12.0	2.1	17.2	.28	1.3	05-20-85	370.3	7.6	1.5	2.40	10.60
Revco Drug	RDS	25.00	23.50	24.63	-.38	-1.50	32.88	22.50	-.26	.50	1.60	2.52	2.54	-.45 N	-18.6	13.0	4.2	12.5	.80	3.2	06-10-85	2227.5	93.4	2.1	1.08	12.22
Rite Aid Corp	RAD	28.13	25.75	26.75	.63	2.39	33.50	22.00	.09	-.13	-2.08	-12.59	1.69	.08 Q	5.3	9.0	4.8	16.7	.50	1.9	07-12-85	1445.7	69.9	1.9	2.02	8.58
Thrifty Cp	TFD	22.00	19.88	20.50	-.88	-4.09	22.88	16.75	-.16	-.31	2.34	-1.07	1.40	.24 N	18.2	15.0	2.1	13.1	.60	2.9	05-06-85	1299.3	27.9	1.5	4.46	7.72
Walgreen Co	WAG	27.63	24.25	24.38	-2.00	-7.58	30.25	18.75	-.45	-1.53	1.82	-7.74	1.39	.20 N	15.0	20.0	3.1	15.9	.44	1.8	08-12-85	2744.6	85.4	1.7	.87	6.76
Wholesaler's transactions																										
Bergen Bruns	BBCA	32.38	30.75	30.75	-.38	-1.20	32.38	20.13	.23	-.29	-2.92	-13.36	1.57	.35 N	22.6	17.0	1.2	16.2	.32	1.0	07-26-85	1703.4	19.7	1.6	1.08	11.11
Bindley Wstn	BIND	13.00	11.25	11.25	-1.50	-11.76	15.00	9.38	-.66	-2.94	-2.15	-47.84	.73	.16 Q	26.7	23.0	.8	14.8	.00	.0	05-01-85	566.7	4.7	1.4	.08	5.46
Cardinal Distrb	CDIC	18.50	17.50	17.75	-.50	-2.74	18.50	10.91	.16	-.21	2.78	-39.69	1.01	.09 F	9.8	NC	1.2	17.6	.08	.5	06-25-85	320.0	3.7	1.8	.92	5.91
Durr Fillauer	DUFM	14.88	13.75	13.75	-1.25	-8.33	15.25	9.81	.17	-.12	-5.28	-34.81	.74	.15 Q	23.4	15.0	1.7	17.4	.14	1.0	07-01-85	341.7	5.8	2.3	1.21	6.05
McKesson Cp	MCK	48.38	46.63	47.13	-.13	-.26	50.00	35.75	-.08	.00	-2.80	6.84	3.60	-.07 Q	-1.9	-1.0	1.3	12.8	2.40	5.1	05-28-85	4887.1	65.0	1.5	12.99	30.40
Foxmeyer Cp	FXM	24.75	22.00	24.25	.38	1.57	29.75	21.00	-.44	.58	.72	-48.78	1.56	.29 F	22.8	24.0	1.3	15.5	.00	.0	00-00-00	717.1	9.0	2.8	17.31	16.51
Ketchum	KCH	21.00	18.38	19.13	-1.88	-8.93	23.88	13.00	-.70	.21	-5.55	4.26	.77	-.46 N	-49.5	NC	.3	40.7	.00	.0	09-24-84	245.1	.8	1.5	6.37	6.74
Owens & Minor	OBOD	23.75	22.75	22.75	-1.25	-5.21	24.25	12.00	.15	.13	-2.30	-32.65	1.43	.29 S	21.6	15.0	1.2	14.0	.40	1.8	06-10-85	306.7	3.6	3.0	8.02	12.81
Manufacturer's transactions																										
Abbott Labs	ABT	59.88	53.50	53.50	-5.75	-9.70	60.00	36.75	-.07	-2.20	-.25	26.26	3.34	.49 S	15.8	17.0	13.0	14.9	1.40	2.6	07-09-85	3104.0	402.6	1.9	3.91	13.33
Am Home Prod	AHP	66.25	61.13	61.13	-4.63	-7.03	66.88	46.75	-.09	-.69	.16	-.35	4.39	.31 S	7.3	11.0	15.1	13.5	2.90	4.7	05-07-85	4485.5	675.6	3.4	.26	13.74
Baxter Travenol	BAX	15.75	14.00	14.63	-1.13	-7.14	18.13	11.75	-.39	-.73	-2.08	6.61	1.03	-.40 S	-28.6	5.0	8.1	14.6	.37	2.5	09-09-85	1800.4	145.1	1.6	1.46	7.83
Block Drugs Co	BLOCA	38.00	37.50	37.50	-1.50	-3.85	40.50	25.72	.23	-.04	-5.06	-51.39	3.48	.30 F	9.4	12.0	10.5	10.8	1.00	2.7	06-11-85	247.8	25.9	2.4	3.28	22.47
Bolar Pharm	BLR	44.75	40.50	41.50	-1.25	-2.92	45.25	22.50	.32	-.41	-2.42	-33.81	1.22	.15 Q	12.9	24.0	18.2	31.7	.05	.1	02-08-85	29.1	5.3	7.5	.00	7.41
Bristol-Myers	BMY	66.50	60.63	60.75	-4.25	-6.54	66.50	43.63	.03	-.86	1.00	12.35	3.45	.41 S	12.7	14.0	11.3	16.6	1.88	3.1	06-28-85	4189.4	472.4	2.5	.75	15.63
Carter-Wallace	CAR	46.63	42.25	45.88	3.88	9.23	46.63	22.00	.47	.87	-2.86	-8.15	2.66	.38 Q	15.3	20.0	5.9	16.0	.60	1.3	07-26-85	348.8	20.7	2.2	1.53	23.37
Forest Labs	FRX	31.38	27.00	27.00	-3.13	-10.37	32.50	12.13	-.16	-1.99	-2.49	-12.40	.73	.19 F	35.2	15.0	16.3	37.0	.00	.0	01-14-83	25.8	4.2	8.3	.28	5.42
ICN Pharm	ICN	11.38	9.75	9.88	-1.00	-9.20	12.25	7.13	-.02	-1.99	-1.18	30.22	.00	-.09 S	-47.4	NC	1.6	98.8	.00	.0	00-00-00	44.8	.7	3.0	2.43	4.50
Key Pharm	KPH	12.75	10.00	12.13	1.63	15.48	17.13	8.00	.75	1.03	2.75	-10.19	.61	.06 Q	10.9	63.0	14.6	19.9	.20	1.6	06-10-85	151.1	22.1	2.1	1.16	1.67
Lilly Eli Co	LLY	89.75	83.88	84.38	-4.88	-5.46	90.38	54.88	-.04	-.60	-.99	13.70	6.73	.48 S	7.4	9.0	15.8	12.0	3.20	3.8	08-09-85	3109.2	490.2	1.7	1.63	31.04
Lee Pharm	LPH	7.88	6.50	6.75	-.75	-10.00	9.63	2.13	1.20	-.76	-.71	16.77	.13	.58 S	NE	NC	6.2	28.1	.00	0	00-00-00	8.1	.5	3.0	.20	1.73
Marion Labs	MKC	37.25	35.25	36.50	.75	2.10	39.75	18.00	-.03	.26	-2.94	-22.01	.94	.32 F	51.6	34.0	12.2	38.8	.28	.8	06-14-85	295.7	36.2	2.4	.02	3.52
Merck & Co	MRK	117.25	112.13	112.50	-2.75	-2.39	117.25	79.75	-.02	-.66	-1.37	8.69	6.71	.63 S	9.9	5.0	13.8	16.1	3.20	2.8	06-03-85	3559.7	493.0	2.0	2.48	35.29
Morton Thiokol	MTI	38.00	34.13	34.25	-2.88	-7.74	38.00	25.25	.31	.28	-1.95	28.27	2.16	1.89 N	93.1	25.0	5.5	8.7	.64	1.9	05-24-85	2001.5	109.8	1.5	2.94	12.50
Mylan Labs	MYLN	26.00	20.38	22.00	-3.50	-13.73	26.00	10.38	-.24	.37	1.51	-32.96	.52	.28 Q	100.0	58.0	23.3	39.3	.05	.2	02-19-85	53.6	12.5	5.9	.09	1.22
Newport Pharm	NWPH	11.75	9.88	11.38	.63	5.81	12.00	3.25	.04	3.69	4.28	26.80	-.21	.17 N	NE	NC	-26.0	NM	.80	7.0	05-23-85	7.7	-2.0	2.6	.22	.93
Pfizer Inc	PFE	53.75	47.25	47.25	-4.75	-9.13	53.75	33.75	.04	-1.52	.62	19.86	3.08	.39 S	13.5	15.0	13.2	14.4	1.48	3.1	07-26-85	3854.5	507.9	2.3	2.10	15.45
Reid Prov Labs	REID	6.38	5.63	5.88	-.38	-6.00	6.63	2.88	-.10	.44	-4.71	3.08	.12	-.08 N	-40.0	30.0	6.7	49.0	.04	.7	12-10-84	13.4	.9	3.1	.02	.92
Robins, AH	RAH	19.13	10.00	10.63	-8.38	-44.08	24.38	10.00	-.53	-16.02	11.22	24.45	-18.44	-20.58 Q	-100.0	NC	-73.0	NE	.00	.0	11-19-84	631.9	-461.6	1.7	.47	-5.23
Rorer Group	ROR	36.88	33.63	35.13	.25	.72	37.38	24.00	-.10	-.05	-3.26	-18.88	2.08	.00 Q	.0	5.0	8.5	16.9	1.12	3.2	08-05-85	522.1	44.3	1.9	2.18	11.07
Scherer RP Co	SCHC	13.00	11.50	12.63	1.00	8.60	13.00	8.63	.47	.23	1.33	-10.96	-.43	-.95 F	-100.0	NC	-2.0	NE	.32	2.5	06-12-85	167.4	-3.4	1.9	4.83	11.14
Searle, GD	SRL	64.50	57.25	64.50	5.88	10.02	65.50	45.75	.69	.38	8.82	.31	3.24	.09 S	2.6	13.0	13.0	17.9	1.00	1.6	05-07-85	1245.8	161.6	2.1	3.46	17.37
Squibb Corp	SQB	72.88	68.63	69.63	-2.50	-3.47	72.88	45.00	.61	-.19	-.78	-7.56	3.68	.41 Q	12.2	15.0	10.5	18.5	1.76	2.5	05-13-85	1886.0	197.2	2.3	3.74	24.87
Sterling Drug	STY	33.00	31.00	31.00	-1.50	-4.62	34.25	24.88	.01	-.62	.33	-21.16	2.37	.14 S	6.1	4.0	7.8	12.7	1.20	3.9	04-30-85	1827.3	143.4	2.6	1.32	15.34
Syntex Corp	SYN	65.63	61.38	61.63	-3.38	-5.19	65.63	41.88	-.08	-.97	-2.40	-20.14	4.08	-.27 N	-6.2	15.0	14.7	15.0	1.92	3.1	05-13-85	916.5	134.6	2.1	5.36	18.81
Thompson Med	TM	16.38	15.50	15.50	-.63	-3.88	24.63	13.25	-.04	.23	.87	-35.29	2.20	-.67 S	-30.7	22.0	10.8	10.3	.40	2.6	06-25-85	197.2	21.2	4.3	.00	7.09
Upjohn Co	UPJ	121.75	111.50	111.75	-8.75	-7.26	122.50	50.13	.35	-1.39	.31	11.37	5.67	-.69 Q	-11.7	.0	8.0	21.4	2.56	2.3	04-01-85	2179.1	173.3	1.7	12.47	37.00
Warner-Lambrt	WLA	46.50	38.00	39.13	-5.88	-13.06	46.50	30.50	-.09	-3.89	6.49	15.44	2.81	.28 Q	10.7	5.0	7.1	13.5	1.48	3.8	05-06-85	3166.7	223.9	1.7	6.47	18.18
Zenith Labs	ZENI	29.50	24.88	24.88	-2.63	-9.55	29.50	5.09	.73	-1.72	2.65	-22.66	.28	.26 Q	118.2	92.0	7.7	51.8	.00	.0	06-19-85	37.5	2.9	2.6	.27	1.99

All data is based on sources believed to be reliable, but its accuracy is not guaranteed. Every effort will be made to correct errors, when discovered, in future issues.

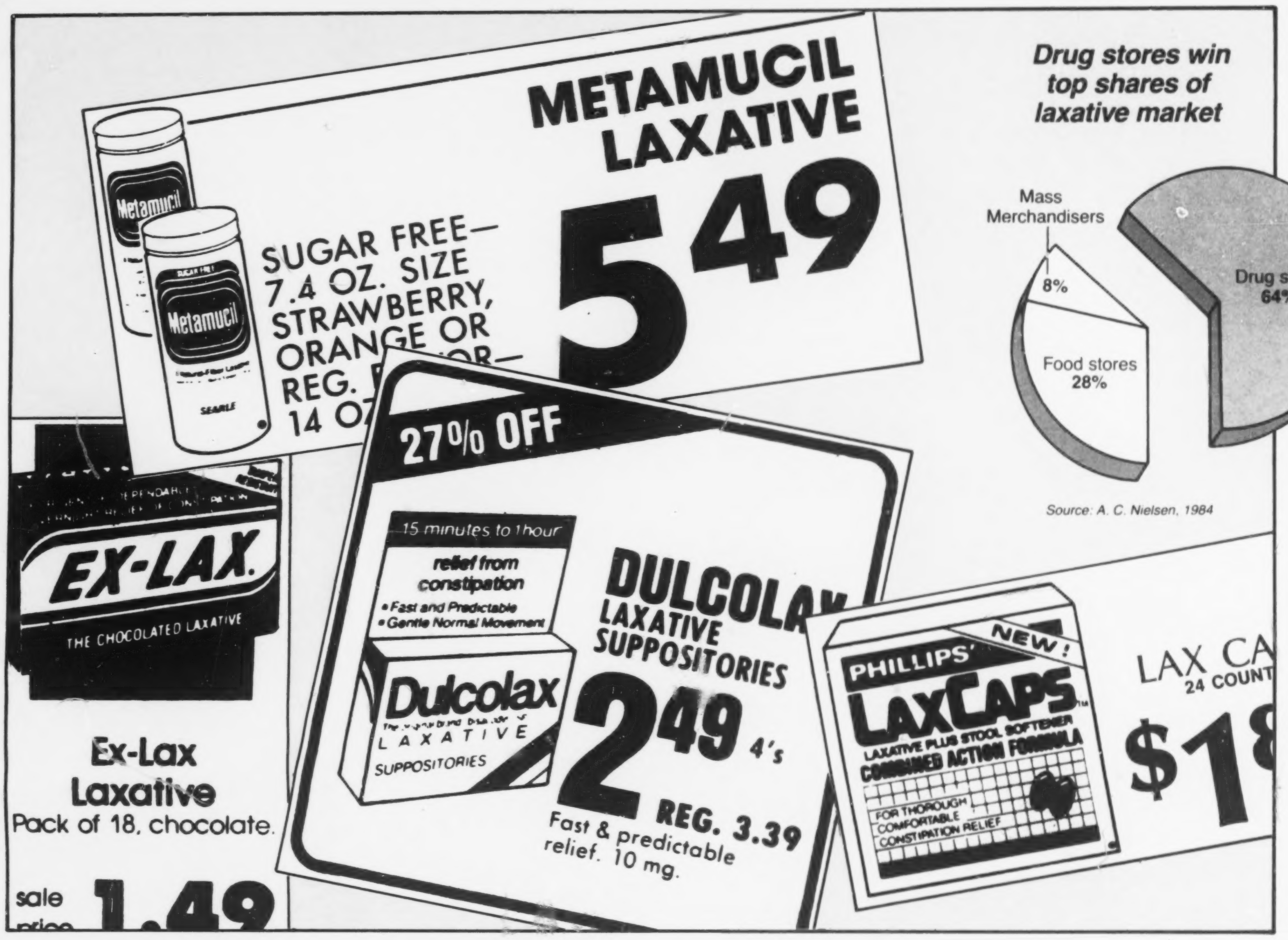
Footnotes:

NA - Not Applicable
NC - Not Calculable
NE - Negative Earnings
NM - No Meaningful Figure
Q - First Quarter
S - First 6 Months
N - First 9 Months
F - Fiscal Year

Data and Table Prepared by Media General Financial Services, Inc., Richmond, Virginia 23219

MERCHANDISER

Bulk laxative sales grow, but stimulants lead



Drug stores win top shares of laxative market

Source: A. C. Nielsen, 1984

Bulk is big, fiber is essential and the bulk laxative industry has a new hero-President Ronald Reagan.

"Hail to the chief, for he bringeth attention to a growing segment of drug store merchandising," could be the new battle cry for the high fiber bulk laxative industry. The President's recently diagnosed colorectal cancer has brought renewed attention to the potential health benefits of a high fiber diet.

"The news about the President, combined with the growing health consciousness of the public, has helped the bulk laxative segment tremendously," said Raymond Freeman, a buyer for Jackson, Miss.'s Southwest Drug chain. "Just in the past couple of weeks, I've noticed an increase in the sale of the bulk fibers."

Fiber-based, bulk forming laxatives are this year's stars in the laxative category. Sluggish sales increases have haunted the category the past several years. But now, with the new packaging, new flavors, snack-style line exten-

Continued on page 17

Antacids remain 'profit center'

Drug stores once again led all other retailers in the market place in the sale of antacids.

Last year, according to A. C. Nielsen, drug stores accounted for 50% of the dollar volume in the $700 million industry. Food stores were next with a 42% share, and mass merchandisers were far behind with 8% of the market.

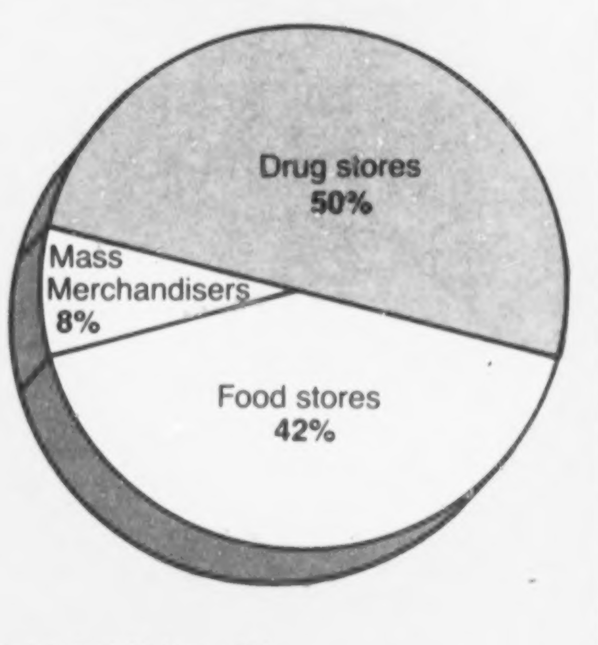
The 8.7% growth rate of the antacid sections in chain drug stores last year came mainly from inflationary growth and not unit movement.

"Antacids have been a good profit center for us in the past," said Begley's Dennis Osborne, "Even though there appears to be a decline in the user base, department margins in the low 30% range makes it an important category for us."

Osborne, and most of the other buyers *Drug Store News* talked with, sees nothing dramatic happening, or about to happen, in the antacids department, Stephen Lund of Perry's predicts the category will stay somewhat static. "It doesn't look like it has much growth potential because when a new product does come out, it grows at the expense of the older products, so all we're getting is a user shift within the category."

On the other hand, Raymond Freeman, a buyer with the Southwest Drug store chain in Jackson, Miss., sees his antacid section on an upward swing. "It's a growing category for us," he said. "I think the faster life style and the hustle and bustle of everyday life contributes to upset stomachs and gas. In turn, there's a greater demand for products."

Drug stores take half of antacid market



Source: A. C. Nielsen, 1984

Whether they agreed on its growth potential or not, the buyers all agreed that the category in general has lacked some pizazz in recent years.

"It's still profitable, but it's not a very exciting category anymore," said a spokesman for Maalox. "In fact, it's been somewhat boring lately."

The spokesman was referring to the fact that while most drug store categories have super star products or promising rising stars, the antacid section has been void of innovations for several years.

Unlike the neighboring laxative department that's having a good year with bulk-fiber laxatives, there are no real runaway products in the antacid section. The Maalox products hold down a 16.5% share; Mylanta, 12.3%; Pepto Bismol liquid, although not a true antacid because it doesn't neutralize acid, holds a 12% share in the category; and Riopan holds a 3.6%. All others, including Tums and Rolaids, account for 51.1%.

Liquid antacids have recently become more consumer directed than ever. "It's been a slow evolution over the past five years," said the Maalox spokesman. "Five years ago, the three products that are now leading the industry weren't promoted to the consumer at all. They were strictly ethical products."

Continued on page 18

Bulk laxative sales grow, but stimulants lead

Continued from page 15

sions and repositioning of some of the products, new life has been added to the department.

Drug stores account for about 64% of the total $500 million laxative market, of which bulk laxatives are the fastest growing segment and currently account for about 30% of the category.

In chain drug stores, laxatives, as a part of the proprietaries department, grew 5.2% last year, accounting for about 6.5% of the department's total revenues. So far this year, according to several drug store buyers, the category is growing at about the same pace.

"The bulk-forming laxatives are doing well, but the stimulant varieties are still the sales leaders in the category," pointed out Stephen Lund, a buyer for Perry. "While the stimulant segment is holding its own, the new bulk products are bringing added sales into the category."

In the traditional laxative area, "Fleet enema is by far the unit movement leader," said Lund, "and our private label and Ex-Lax are the leaders among the stimulant types."

Dennis Osborne, a buyer at Begley, agrees that "bulks are steadily increasing their market share within the laxative category."

As the health aspects of fiber and bulk are publicized, Osborne sees the segment growing even further. "People are buying the bulk forming laxatives as a fiber supplement, and not solely as a laxative," he said.

The fiber that forms that bulk in most of the products is the hulk and seed from the Psyllium plant, grown primarily in India.

"Calling these high fiber products laxatives is really a misnomer," said Bill Steiber, sales and marketing director for Lafayette Pharmacal, makers of Konsyl. "They are really bowel normalizers that work equally well on diarrhea and constipation."

Steiber pointed out that his products, Konsyl and Konsyl-D, as well as the other products in the category, are not used for quick acting relief of constipation as the stimulant type laxatives are. "We make it clear that several days' use will probably be needed to establish reglarity. In fact, these products should be used on a daily regimen to work effectively."

One Midwest pharmacist, after observing and talking with shoppers in his store, concluded, "It appears that bulk-forming products appeal more to the person who wants to prevent future problems."

Even with the publicity bulk fiber products are getting, the old standbys remain important in the drug store product mix. "Sure, fiber is big now and the price point is much greater, but we are still doing great numbers with Ex-Lax and Correctol," claimed Osborne.

Fad or just a healthful approach to one's diet, the bulk laxative is an emerging and important segment of the category. "The funny thing," one buyer commented, "is that Metamucil has been around for about 50 years and really had no major competition. Now it seems everybody is getting into the bulk laxative area."

Industry sources all agree that Metamucil controls "at least" 75% of bulk laxatives.

Originally, manufacturers of most of the bulk laxatives shied away from consumer advertising, and relied solely on doctor and pharmacist detailing, as well as some limited trade advertising. Now, most of the major products are being featured in consumer print advertising as well as some TV promotion.

On the retail level, many buyers said that their chains were somewhat hesitant to advertise and promote laxatives in the past because of the lower price points on most of the stimulant variety laxatives. Now, with the popularity of the bulk fiber variety, the same margin of 30% to 35% exists, but the higher price points make it more feasible to promote and give in-store display space.

"We've been promoting the bulk laxatives quite heavily," said Perry's Lund. "Primarily because of their current popularity and because of their higher price points, they've become quite a promotional item for us."

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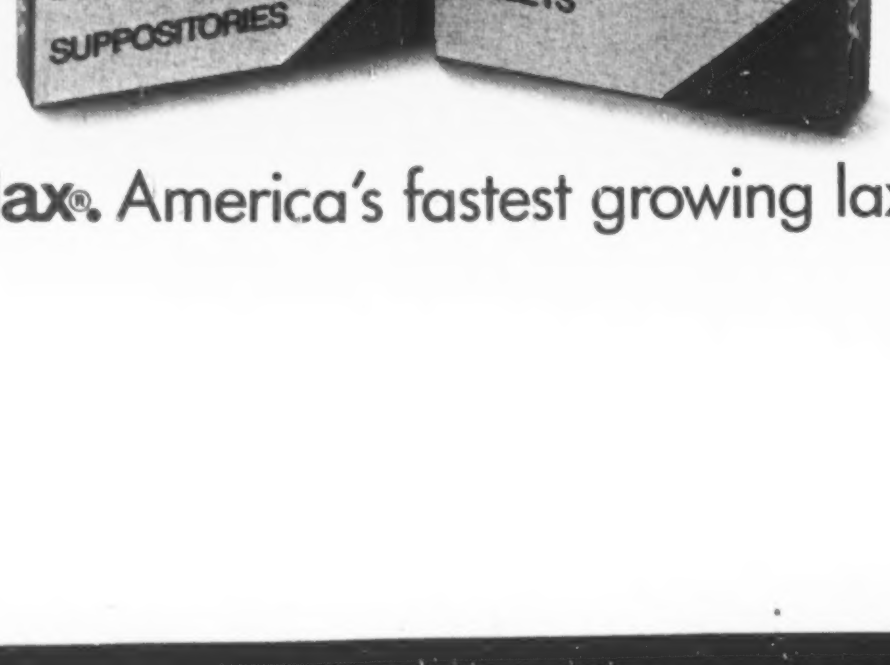

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Antacids: 'good profit center'

Continued from page 15

He went on to say that the reason for this shift from doctor and pharmacist detailing to print and broadcast promotion was mainly due to the fact that "recommending an antacid to a patient or customer is not of the highest importance to a physician anymore."

As doctors were recommending specific antacids less, the manufacturers were somewhat forced to go directly to the consumer. "We had to go where the big bucks were," the spokesman said. "And that place is directly into the consumer arena."

A Midwest drug chain buyer said that the promotional power the various products possess makes them logical items to advertise. "Since manufacturers went directly after the consumer, promotional deals have been quite abundant. Consumers are smart, and quite price conscious. If they have a sour stomach, they are going to buy a product they've seen advertised, and since so many are being advertised, price becomes a very important factor."

With that consumer market in mind, and with the past success of Tums and Rolaids in the roll pack, there seems to be a trend toward that mode of packaging, with Maalox being the latest to roll pack its product. "It's strictly a consumer convenience," said one buyer. "And that's what this category is all about. In order to make a sale, you've got to have the top products, in most convenient packaging at the best price in town. That's all there is to it."

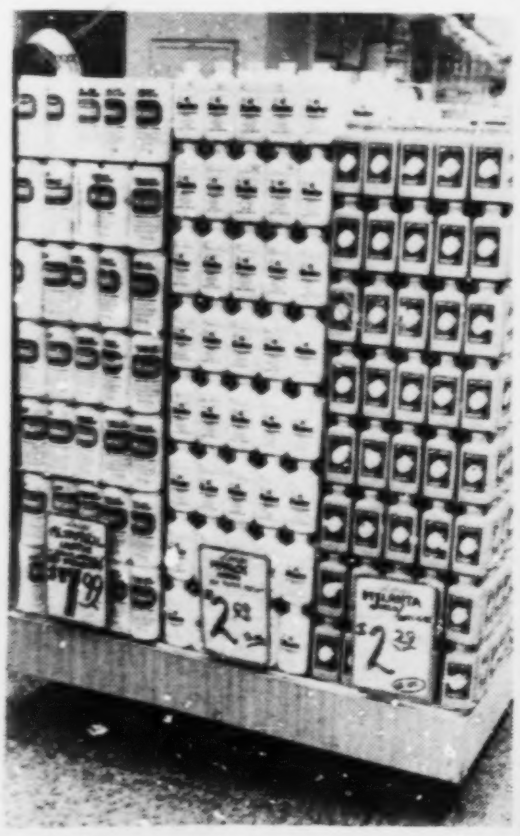
"I wouldn't say we football the prices on antacids," said Begley's Osborne, "but we sure do advertise prices that are very competitive."

In fact, it appears that most chains do use the products in this category as promotable items. Raymond Freeman said his chain "buys as much as possible every time a deal comes up and then we advertise it at prices less than 10% above our cost. We're right down there with our biggest competitors."

"Because of the large turnover on the hot items, we consider them to be highly promotable," said Perry's Lund. "Maalox and Mylanta are constantly being footballed in our markets."

Recently, metro New York City Pathmark pharmacies were selling the 12 oz. Maalox liquid at $1.99, while SupeRx in Cincinnati had a $2.19 price on it; and Cleveland's Gray Drugs was selling it for $2.39.

Mylanta II, the 12 oz. liquid, also was highly promoted: Cleveland's Gray Drugs had a promotion price of $2.49 on it, while Rite Aid in Philadelphia pushed it for $2.99. K&B in New Orleans had it for $3.39, and metro New York City Pathmark stores had it for $3.79.



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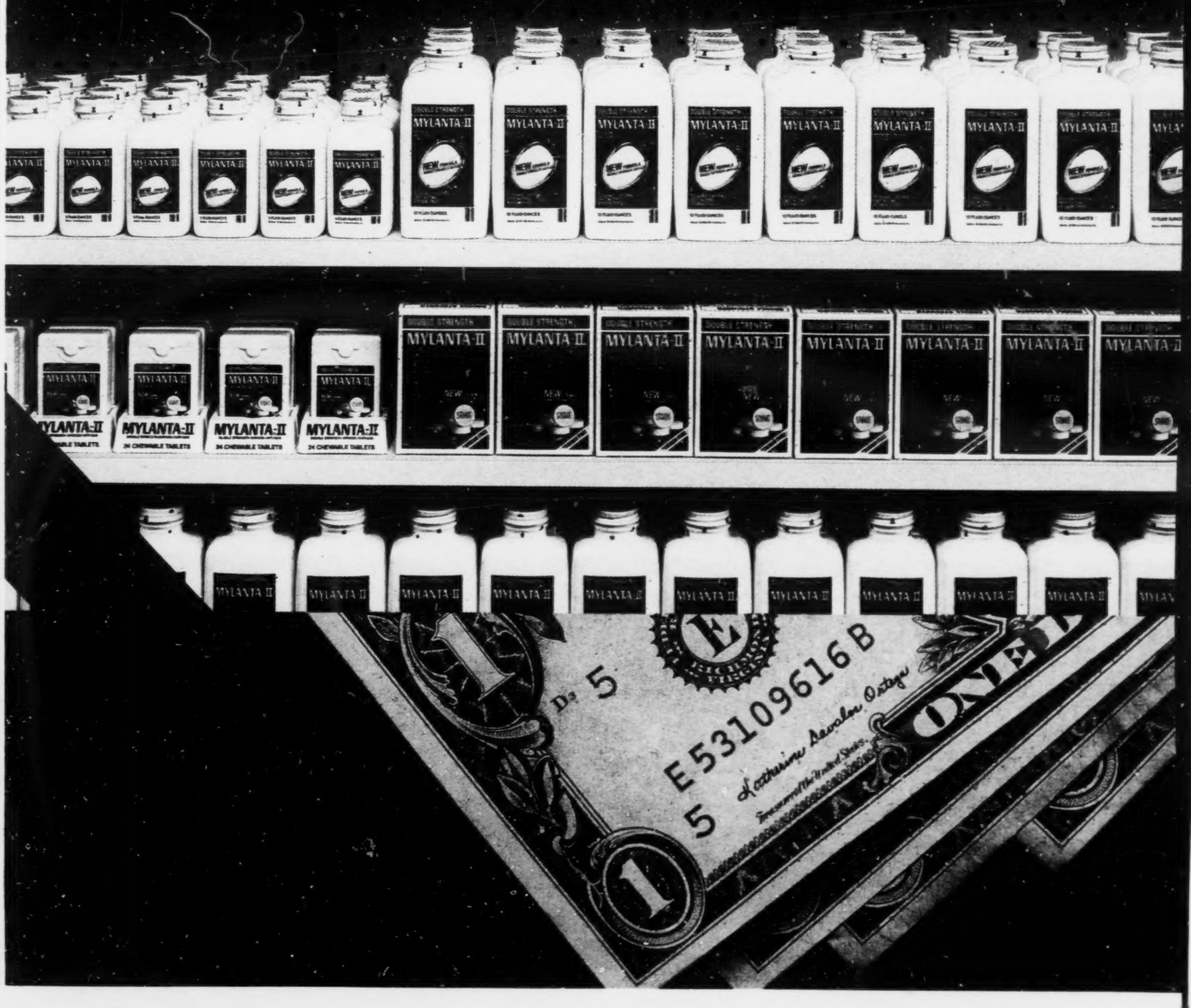

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Rxers carving out niche as HMO's expand

Special report
HMO's

Pharmacists nationwide are fighting for a place in the $10 billion HMO industry business that some analysts say could reach as high as $70 billion by 1990.

According to a report by the National Association of Chain Drug Stores, health maintenance organizations have enjoyed a remarkable growth pattern in the last 12 years.

Since 1973, the year federal legislation was introduced officially recognizing the HMO as an alternative form of health care delivery, the number of HMO's increased from 30 to 270. NACDS reports that the growth rate is expected to continue with more than a 250% increase in the number of HMO's over the next seven years.

Many drug chains, alarmed by the rapid growth, have set out to capture their share of the prescription business generated by HMO's by becoming contract providers.

Most commonly known as independent practice association (IPA) HMO's or Preferred Provider Organizations (PPO's), those HMO's that do not have their own pharmacies offer the greatest opportunities for community or chain pharmacists to cash in on this booming market.

According to the American Medical Care and Review Association, a national organization representing these types of HMO's, there are 160 IPA-type HMO's, encompassing 54,000 participating physicians and a combined enrollment of over 2.8 million enrollees.

While industry sources say it is nearly impossible to estimate the number of pharmacies currently enrolled as providers to these HMO's, they do say that the list is growing.

As part of a PPO, a pharmacy agrees to offer a variety of services outlined in a contractual agreement with a particular HMO. Aside from filling prescriptions based on a specific pricing schedule, these may include mandatory patient profiles, home delivery of prescriptions and consultation.

Chain drug stores are in the best position to provide these services because HMO's would typically rather send their patients to a drug chain that has several locations near the HMO's address.

Pharmacists view the IPA-type HMO less threatening than the staff HMO, where prescriptions are filled in-house.

While it is true that not everyone visiting an HMO for medical treatment will have his prescription filled at the HMO pharmacy, community pharmacists fear that preferential pricing by manufacturers will permit HMO's to sell to consumers at a better price, allowing these types of in-house pharmacies to flourish.

According to one West Coast drug chain executive, living with an IPA-type of HMO at least leaves the competitive spirit intact, but with a staff HMO, "Every prescription they get to fill, is one prescription we didn't get to fill and that could hurt."

A survey by Steven Miller at the University of Maryland School of Pharmacy with the help of the Group Health Association of America Inc. revealed that HMO's do have the competitive pricing edge when it comes to filling prescriptions in-house.

According to the study, a significant difference in average drug costs and retail drug prices was found between HMO's using in-house pharmacies and HMO's using outside vendors.

The average drug cost for HMO's with pharmacies was $6.47 compared with $9.10 for IPA-type HMO's, a difference of almost 30%.

Looking at retail prices, the difference between the two HMO's was 19%, $10.97 for in-house pharmacy HMO's and $13.02 for the IPA.

The issue of preferential pricing by the manufacturers of prescription drugs to HMO's came to a head earlier this year when the U.S. Supreme Court refused to hear a case involving the Portland Retail Druggists Association and the Kaiser Foundation Health Plan Inc. This put an end to a 17-year battle by the Portland organization over the issue of preferential pricing to HMO's.

The decision came despite heavy lobbying from at least eight state pharmacy associations and the American Pharmaceutical Association.

In the case, the Portland group charged the Kaiser HMO with an unfair advantage over retail pharmacies in that it is able to purchase drugs as much as 90% below community retailers.

Continued on page 31

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Associations take action; fear threat to retail future

Special report
HMO's

Pharmacy associations nationwide are waging a war on what they perceive is a major threat to the future of retail pharmacy, the HMO.

The Supreme Court's refusal to hear the Portland-Kaiser case has left the state pharmacy associations even more embittered over the HMO's competitive edge in the marketplace.

"A retail pharmacy cannot compete with an HMO which purchases drugs at a tenth of its costs," said Jon Barganier, Alabama Pharmaceutical Association's executive director. "The ruling by the Supreme Court may well spell the end of retail pharmacy, chain or independent, by the end of the century."

In Maryland, pharmacists have begun to take legislative action to lift the dark cloud hanging over the profession.

Maryland pharmacists are lobbying state legislators to pass a bill that would forbid HMO's from excluding any pharmacy, independent or chain, from their benefit program as long as contractual agreements are met. The goal is to eliminate exclusive contracts by HMO's with certain providers.

In Illinois, HMO's are growing faster than the national average and that has many pharmacists in that state concerned.

The Illinois Pharmaceutical Association has begun distributing leaflets to consumers through its member pharmacies. The leaflets warn: "Don't Let them Tell you Where to Go."

The leaflets also emphasize that services and conveniences now enjoyed by most consumers may be eliminated under HMO standards.

According to the Illinois Pharmacists Association executive director, Alan Granat, once consumers realize the problems they may be facing by switching to HMO's, they will continue to have prescriptions filled at local pharmacies.

"Comments from our membership are that many customers consider service and convenience more important than the money saved by being inconvenienced in getting to and from an HMO," said Granat.

To combat the preferential pricing to HMO's, at least two dozen states have initiated buying groups that could save member pharmacies as much as 6% on pharmaceutical purchases.

In Florida, the first state to introduce a buying group, manufacturers and wholesalers are working closely with retailers to insure purchasing drugs at the best price.

Agreements are being made directly with manufacturers through bid purchasing, similar to how HMO's buy drugs. Wholesalers then agree to stock the drug purchases in their warehouse based on rebates or chargebacks from the manufacturer.

Massachusetts' buying group, Independent Pharmaceutical Association, hopes to increase its current membership of 78 to 500 by year-end.

In Kansas, it is reported that an introductory letter explaining the formation of a buying group produced an initial membership of 126 pharmacies representing a combined volume of $31 million.

Distribution of state HMO enrollment as a percentage of population: 1983

Alabama	.2%	Kentucky	1%	North Dakota	2%
Alaska	—	Louisiana	.5%	Ohio	4%
Arizona	10%	Maine	.5%	Oklahoma	1%
Arkansas	—	Maryland	2%	Oregon	12%
California	21%	Massachusetts	9%	Pennsylvania	3%
Colorado	9%	Michigan	6%	Rhode Island	6%
Connecticut	4%	Minnesota	17%	South Carolina	.5%
Delaware	.8%	Mississippi	—	South Dakota	—
D.C.	39%	Missouri	3%	Tennessee	1%
Florida	3%	Montana	—	Texas	2%
Georgia	2%	Nebraska	.8%	Utah	6%
Hawaii	18%	Nevada	2%	Vermont	—
Idaho	—	New Hampshire	3%	Virginia	.3%
Illinois	5%	New Jersey	3%	Washington	9%
Indiana	2%	New Mexico	3%	West Virginia	2%
Iowa	3%	New York	7%	Wisconsin	11%
Kansas	2%	North Carolina	.8%	Wyoming	—

Source: NACDS

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To set up capitation plan

Va. executive says HMO 'used' his chain

While chain drug stores are in a particularly good position to capitalize on HMO prescription business, Standard Drug would rather do without the extra business.

When HMO's approached Standard Drug, Richmond, Va., professional director Rich Barnes was thrilled. But his initial elation soon turned to anger when it was apparent what they wanted.

"I worked on a lot of studies to help these HMO's and we ended up getting used in the deal," said Barnes. "I'm rather upset about the whole deal because Standard Drug was the first chain in Virginia to be totally computerized and all the HMO's came to me for data, primarily to set up a capitation system."

Barnes said that Standard did not get the HMO contract because Standard was too small a chain.

"I didn't get the HMO contract because we have only 43 stores," said Barnes. "With these HMO's, you're either locked in or you're locked out and we are locked out."

Special report
HMO's

Barnes draws a jaded picture of HMO prescription business as well.

"All the garbage about service-oriented and convenience is so much hype on the part of the HMO's," said Barnes. "The HMO business is available only to the Peoples, Revcos, Walgreens and Rite Aids who have enough stores in the area to provide service. Small chains and independents get shot down."

Barnes explained that while some independents have banded together to get HMO business, they may not be happy in the end."

"I think they will wind up losing their shirts on the capitation," said Barnes. "You just can't split up a capitation fee among a group of independents and still be ahead of the game. The HMO business isn't the sugar daddy they think."

Barnes' contention is that even the big chains are losing money on HMO contracts because of poor fee structures.

"Many of these HMO's don't even pay the pharmacy their usual and customary charge," said Barnes. "They give you a choice, either fill the prescriptions on their terms or don't fill them at all. It's a no-win situation."

Barnes said that much of the HMO controversy is generated by the organizations themselves.

"There are now 16 HMO's in Virginia and they are all slinging mud at each other," said Barnes.

Like other competitive retail arenas, Barnes believes that there will be a shake-out of HMO's in Virginia leaving only four or five to serve the state's needs.

Carving out HMO niche

Continued from page 29

While pharmacists believe that bid purchasing and preferential pricing gives HMO's an unfair advantage in the marketplace, Miller's study shows differently.

According to his results, 82% of the HMO's studied said the most effective method of cost containment was limiting the amount of medication dispensed. Eighty-one per cent said the use of copays was the second most effective method in keeping costs down. Only 11% of the respondents cited bid purchases as an important factor in cost containment. In fact, bid purchases ranked eighth out of a possible nine methods for keeping costs to a minimum.

Other methods included a maximum allowable cost program (24%), drug bulletins (53%), co-insurance (14%), physician peer review (43%), patient drug use review (57%) and capitation (6%).

Miller's study also found prescriptions were offered by 56% of the HMO's as part of their basic benefit program, while 44% made it optional. In 38% of the HMO's, prescriptions were listed on a formulary, 69% said that there was no prescription formulary in use.

Three-quarters of the respondents said that oral contraceptives were covered, 23% said they were not. When it came to coverage of OTC drugs, the results were just the opposite. Three-quarters said they were not covered, while 25% said that certain OTC drugs were covered.

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Special report:
Mail supports 'Disgruntled Pharmacist'—p. 45

Pharmacy:
Store detailing of OTC's evaluated—p. 38

Exclusive interview:
Arrested, Rxer recounts diversion entanglement—p. 31

DRUG STORE NEWS®

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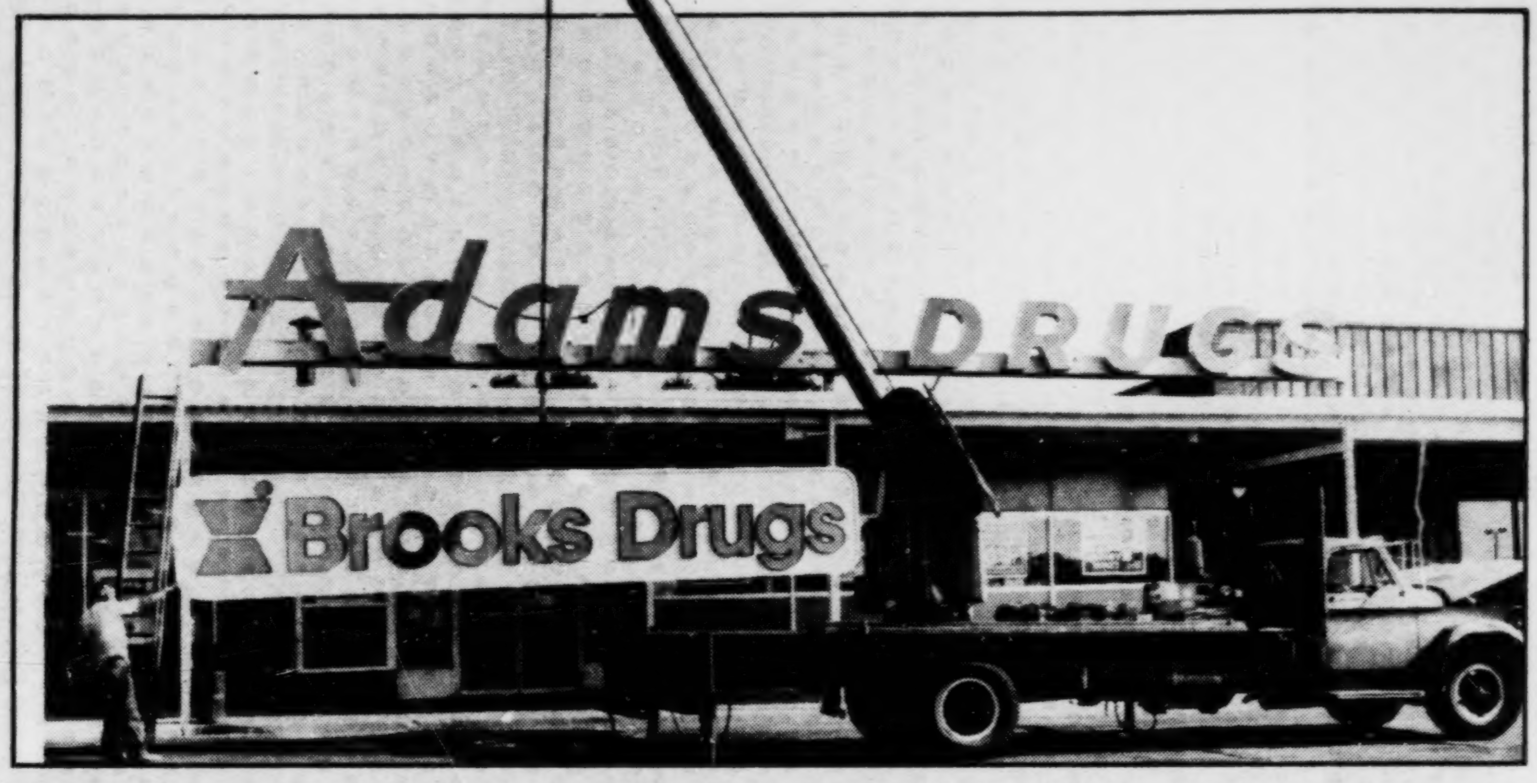


Signs of change **A chapter of Adams Drug Co. history was closed last month when the firm changed the last of its Adams drug stores to the Brooks logo. See story page 3.**

Kroger acquires four Price Savers

Pay 'n Save sells wholesale club

By Lou Karney

CINCINNATI — With growth potential limited in the mature retail food industry, Kroger Co., the nation's second largest food/drug retailer, has made a foray into the fast-growing membership wholesale club business.

Kroger said it had reached agreement with Pay'n Save to purchase the Seattle-based retailing company's four Price Savers Wholesale Club stores for an undisclosed amount of cash. In announcing the purchase, Kroger said Price Savers would add "breadth to its retailing expertise."

The 100,000-sq.-ft. warehouse stores, which are expected to generate $80 million to $100 million at maturity, will be operated under the present management headed by Tom Grimm, according to Kroger.

Price Savers, which was launched March 1984 in Salt Lake City, now operates warehouse-style stores in Seattle and Fife, Wash., and Anchorage, Alaska, as well as Salt Lake City.

In the first 18 months of operations the division generated approximately $100 million

Continued on page 50

Bindley exec and 11 physicians plead guilty in drug diversion

ATLANTA — Eleven physicians and an ex-vice president of Bindley Western, one of the nation's largest drug wholesalers, pleaded guilty here to trafficking in illegally diverted pharmaceuticals.

According to FBI charges, the Bindley executive, Stephen Lee Asher, and other Bindley execs, including two others so far charged and perhaps others so far not specifically identified, received approximately $1 million in kickbacks "from those companies and individuals who arranged annual diversions of up to $20 million in drugs from hospitals, clinics, nursing homes, third world and other foreign countries, as well as from international nonprofit organizations like the United Nations.

"At presstime, Asher and the 11 physicians were the first of 45 individual defendants to enter pleas in what the FBI calls "the largest drug diversion scheme in U.S. history."

Two other Bindley executives, William Michael Gemmill, a former Bindley vp and Atlanta division manager, and Harry M. Nail, former direc-

Continued on page 49

FoxMeyer president

Richard Bard, executive vp and chief financial officer of FoxMeyer Corp., has been named president and chief operating officer. Bard, who along with chairman and ceo William Tauscher, has been a driving force behind the company's meteoric rise to No. 3 among drug wholesalers, has actually shared the duties of president with Tauscher. See story page 2.

Dart to debut upscale down-sized D.C. units

LANDOVER, Md. — Dart Drug has developed a new upscale "yuppie-like" 5,000-sq.-ft. prototype that will serve as a model for all future expansion into high-traffic downtown office locations.

The first of what may become a new generation of Dart drug stores will probably open later this fall in a business district in downtown Washington, D.C.

According to vice chairman Joe Santarlasci, several sites are under negotiation right now and one may be finalized "momentarily."

All of the locations under consideration are in office buildings in high-traffic markets populated with both tourists and thousands of "young urban professionals."

Santarlasci said the merchandise mix will be tailored to meeting the needs of those tourists and yuppies: brand name health & beauty aids at Dart's typical discount prices; 16 ft. of greeting cards; 8 ft. of books and magazines; refrigerated snacks and foods including cold cuts and cheeses; cosmetics, etc.

Continued on page 50

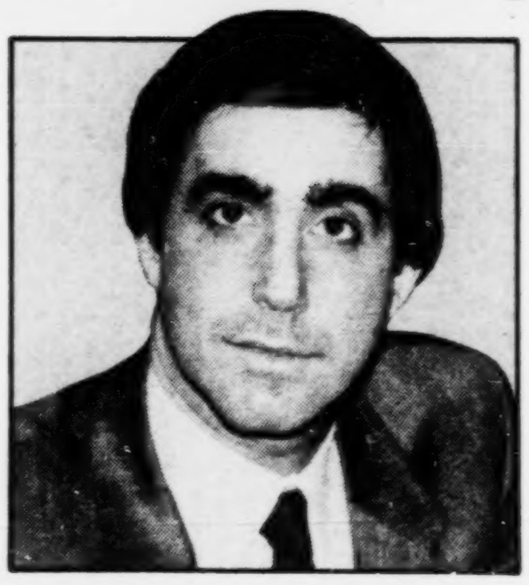
Salmonson new Adams president

By Tim O'Brien

PAWTUCKET, R.I. — James Salmonson, heir apparent to the Adams Drug Company top spot for the past 15 years, has been appointed president and ceo of that 430-store drug chain.

His appointment follows the retirement of three top family members, Charles Salmonson, chairman; Donald, president and ceo, and Jerrold, secretary. All changes were effective Aug. 1.

When Adams was sold to Pantry Pride last November, it was agreed that certain members of the Salmonson family would stay on to help, while others would retire following the initial transition period.



James Salmonson

According to a company official, the retiring Salmonsons stayed on longer than they had originally planned, due in part to Pantry Pride's acquisition in May by MacAndrews & Forbes.

Salmonson, 40, takes over the post while speculation runs rampant as to the future of the chain. Rumors have persisted for many months that the chain is for sale, and several companies have been investigating the possibility of buying it. Sources say that MacAndrews & Forbes has removed the chain from the auction block for the time being, because they could not get their asking price of $125 million.

"Whether all the rumors are true or not," says one Adams employee, "we have to continue to do our job. Jim is very good, and if anybody can make this drug chain profitable and hold it together, it's him."

"The chain is now entering a new era," said one New York

Continued on page 50

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Bard named Foxmeyer president and coo

AURORA, Colo. — FoxMeyer Corp., the nation's third largest drug wholesaler, has named Richard Bard president and chief operating officer.

Bard, who had been FoxMeyer's executive vp and chief financial officer since 1978, had actually been sharing the functions of the office of the president with William Y. Tauscher, chairman, president and ceo, since April of last year.

Tauscher has now given up the president title, but Bard said the two would continue to share day-to-day decision making, with Bard's specialties being operations, asset control and financial management including acquisitions, and Tauscher's being field marketing and computers.

Bard and Tauscher were the two key players in the 1978 acquisition of the Fox-Vliet Drug Co., the Oklahoma City-based wholesaler that was FoxMeyer's forerunner.

Since then, they have built FoxMeyer through a series of highly leveraged acquisitions and skillful transformations of those acquisitions from a losing company with sales of around $100 million to a profitable one that will bring in more than $1.2 billion this year.

FoxMeyer's reputation with the financial community has grown with the years to the point where it is now one of the darlings of Wall Street.

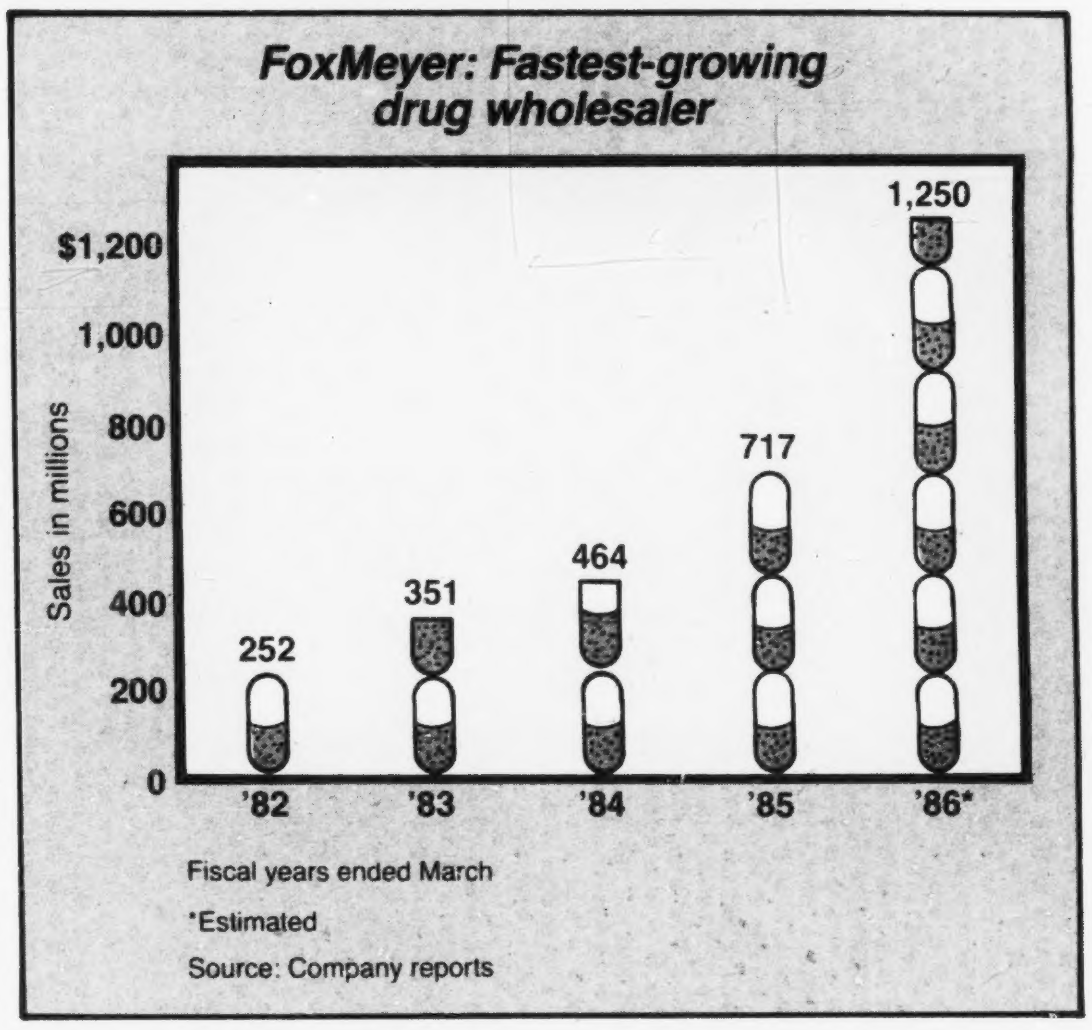
"FoxMeyer is an aggressively run company that has come a long way in a short amount of time," said Joel D. Liffman of Drexel Burnham.

Bard told *Drug Store News* that FoxMeyer would continue to seek good regional wholesale companies whose performance could be improved by the economies and the programs FoxMeyer offers.

Bard pointed to McPike, which FoxMeyer acquired last spring, as an example. He said the Kansas City, Mo.-based wholesaler was a good company whose sales were more than $225 million. Nevertheless, McPike stood to gain from FoxMeyer's Health Mart drug store franchising program, its trucking and computer companies, and from a streamlining of its sales force.

Bard added that the price of many acquisition targets had now risen to a point where it made the economics doubtful. "Clearly," he said, "we're not going to be jumping at those prices."

As a result, he said, FoxMeyer would probably be looking at opportunities outside of the drug industry. He said that when prices in the drug distribution industry are so high, "one has to look at other distribution opportunities because the concepts are not so different."


FoxMeyer: Fastest-growing drug wholesaler

Fiscal years ended March
*Estimated
Source: Company reports

NEWS IN BRIEF

Bindley stock drops to 9¼ per share

INDIANAPOLIS — Following charges by the FBI that three former Bindley Western executives were allegedly involved in drug diversion schemes, the price per share of Bindley stock plummeted to a low of 9¼ from around 13 on the New York Stock Exchange. The stock had previously reached a high of 15½ this year. At presstime, Steve Asher, a former vice president for Bindley, pleaded guilty to charges of fraud in the acquisition of diverted pharmaceuticals.

Alco sells 40% health service stock

VALLEY FORGE, Pa. — Alco Standard sold 40% of its stock in Alco Health Services to the public, generating $68 million. According to financial analyst Bill Jellin, a security analyst who follows the drug wholesaling industry, Alco will use the proceeds from the sale to acquire other drug wholesaling companies. Alco is a diversified $4 billion company with about $1 billion generated through drug wholesaling. Alco Health Services is the third largest drug wholesaler in the country after McKesson and Bergen Brunswig.

Medicare-Glaser suffers $138,000 loss

ST. LOUIS — Although Medicare-Glaser's first quarter net sales increased to $21.1 million, an 8.9% increase over last year, the company experienced a first quarter loss of $138,000, or 5¢ per share. For the same three months of last year, the company showed a profit of $114,000, or 4¢ per share.

Begley income rises 14.6%

RICHMOND — The Begley Co. reported that net income for the first quarter, ended June 30, was $229,390, an increase of 14.6% over the same period last year. Earnings per share increased to 42¢ from 36¢.

Total sales and operating revenues increased 6.1% to $16 million-$9 million from $15.9 million. A quarterly cash dividend of 18¢ per share was declared.

Begley currently operates 43 retail drug stores in Kentucky, and has 131 Big B, Key and Superior dry cleaning stores in nine states. Additionally, the company operates six home health care centers in Kentucky.

Walgreens sales up 15.1%

Walgreens reports that its July sales rose 15.1% to $224,728,000. For the year to date, management says July sales were up 15% to $1.795 billion.

INDEX

Classified 49
Editorial. 4
Financial 6
Merchandiser 19
Pharmacy. 31
Pharmacists' satisfaction survey 45
Product Update. 48
Store detailing OTC's 38

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Chains report sales surge

NEW YORK — After a sluggish six months, chain drug executives are reporting that comparable store sales are finally on the upswing.

Executives for chains like Revco, Medicare Glaser, Dart Drug, Adams, Perry, etc., report that consumer confidence seems to be rebounding, and as a result year-to-date same-store sales are up anywhere from 6% to 20% depending on the chain and the market.

Some executives say the primary surge seems to be coming from seasonal and general merchandise categories, but others are also seeing strong trends in H&BA and OTC products as well.

Prescription sales for most of the chains surveyed always were strong.

"Sales are definitely perking up," says Revco's senior vp of marketing Marc Dworkin. "We noticed it in June, but the trend has been even stronger in July."

Dworkin said that Revco, which had been struggling with flat sales for the early part of the year, enjoyed comparable store sales increases of 8.8% for all of June and they were exceeding 10% last July.

Harlan Steinbaum, president of Medicare Glaser, reported a similar trend in the St. Louis metro market.

"July has been better than April or May or June," he said. "July sales have also been stronger than July sales last year. It's a good trend line, and we're hoping it's an indication of even better things to come."

In the Baltimore, D.C. market, Al Towle, chairman of Dart Drug, also reported stronger sales, particularly in seasonals and general merchandise lines. Towle said part of the surge seems to be due to weather-related factors.

"It was colder than expected up here and people seemed to hold off buying seasonals," he said, "but now they seem to be making up for lost time."

Most executives said they hoped the stronger sales were the result of their latest advertising programs, but most also said they weren't sure that they were doing anything that different.

"Primarily, I think it's the economy," said Dwrkin. "I'd like to take credit for it, but I think people just feel a little more comfortable with the government and with inflation."

Steinbaum felt that some of the stronger sales may be due to Medicare's latest TV/radio campaign launched last month, but he also said that at least some of the surge has to be due to "increased consumer confidence in the economy."

Kroger to Hook: Manage SupeRx home health unit

NASHVILLE — Kroger Co., parent of SupeRx Drug and Hook Drug, has effected the first synergistic consolidation of its two drug divisions.

Kroger has transferred the management of SupeRx's only Home Health Care store here to the Hook division which operates 16 home health care stores.

The reorganization immediately gave the store access to the vast buying economies that the Hook Convalescent Aids Centers already had available.

"We'll gain access to several suppliers that we weren't able to deal with before," said Steve Babineaux, the manager of the 4,000-sq.-ft. facility in the Nashville suburb of Madison.

The management transfer was a logical move for The Kroger Company, since SupeRx's home health care staff was at a point on the learning curve that Hook's staff passed about seven years ago.

"It gives us a better chance for success and less waste of our staff's time," said one SupeRx source. "It all adds up to a more efficient operation."

Since the midsummer switch, the manager has already seen his cost of goods reduced. "Our acquisition costs have already been reduced," he claimed. "And I'm sure we'll find more advantages."

The store is expected to keep the SupeRx name because of the strong presence SupeRx already has in the Nashville market. This is Hook's first venture into Tennessee.

The Madison store fits into the Hook's concept of a home health care center quite nicely. It's a bit smaller than Hook's standard 6,000-sq.-ft. store, but the line of durable and nondurable goods is quite similar as are the services offered and overall standard operating procedures. The ratio of sales vs. rentals is also quite similar.

FINANCIAL

Alco Standard hits $1B in sales

VALLEY FORGE, Pa. — Alco Standard Corp., one of the country's largest distributors of drugs and health services, reported that revenues for the third quarter ended June 30 increased 16% to $1.01 billion from $876 million in the comparable period last year.

Third-quarter net earnings from continuing operations increased slightly to $18 million from $17.5 million. Earnings per share from continuing operations were 79¢ vs. 75¢ (primary) and 75¢ vs. 73¢ (fully diluted).

For the first nine months revenues increased 11% to $2.79 billion from $2.50 billion in the same period last year.

Nine-month net income from continuing operations was up 9% to $49.8 million from $45.9 million. Earnings per share from continuing operations increased to $2.24 from $2.02.

The company took a write-down of $1.5 million on discontinued operations in the first quarter and $3.97 million on discontinued operations for the nine months.

Revenues from Alco's health services business increased 22% to $236.6 million in the first quarter and 26% to $697.8 million during the first nine months.

Perry plans stock split

PONTIAC, Mich. — Perry Drug Stores declared a 3-for-2 stock split, the third such split in the past four years. The split increased the number of shares outstanding to 9.8 million from 6.5 million.

"This stock split continues to reflect the exceptional record of our company," said Jack Robinson, chairman and ceo.

The additional share will be distributed Sept. 10 to shareholders of record Aug. 22. Holders of Perry common stock will get one share for each two held.

Medicine Shoppe net income up 17%

ST. LOUIS — Medicine Shoppe International, the leading franchiser of drug stores in this country, reported that its net income for the third quarter ended June 30 increased 17% to $742,345, or 21¢ a share, from $633,566, or 18¢ a share, in the same period last year.

Revenues for the first quarter were also up 17%, to $3.4 million from $2.9 million last year.

For the first nine months, net income increased 36% to $2.1 million, or 61¢ a share, from $1.6 million, or 49¢ a share, in the same year-earlier period.

Sales for the nine months rose 23% to $10.2 million from $8.3 million.

The company also reported that the number of new franchises rose during the first quarter to a record 55, compared to 14 for last year.

Pharmacies in operation increased by 65 for the first nine months, a figure equal to the total number of pharmacies opened in fiscal 1984.

The company said operating earnings for the third quarter increased 41%.

		STOCK PRICE							TREND TO MARKET				EARNINGS/SHARE					P/E	DIVIDENDS			FINANCIAL POSITION				
		From 07/26/85 - 08/12/85							Price Trend (% per day)		Volume Trend (% per day)			Latest 12 Months vs Preceding 12 Months Change					Indicated Dvd. rate						Last Fiscal Year (Per Share)	
					Change		52-Week		Last 30 Days	Last 5 Days	Last 30 Days	Last 5 Days	Last Fiscal Year			5-Year Annual Growth Rate	Profit Margin	Latest P/E Ratio			Last X-Dvd. Date	Last Fiscal Year		Current Ratio	Long Term Debt	Common Stock Equity
Name	Symbol	High	Low	Close	Amt	Pct	High	Low						Amt.	Pct				Amt.	Yield		Revenue	Earnings			
-	-	$	$	$	$	%	$	$	%	%	%	%	$	$	%	%	%	-	$	%	-	$ Mil	$ Mil	-	$	$
Chain Store transactions																										
Am Stores	ASC	62.75	59.75	61.50	-1.00	-1.60	67.50	35.25	-.31	.06	-3.07	-25.06	5.71	1.86 Q	49.7	34.0	1.5	11.0	.64	1.0	06-17-85	12118.8	185.5	1.2	37.93	21.40
Begley Co	BGLY	16.50	16.00	16.00	-.50	-3.03	17.63	15.00	-.12	.00	-1.60	.00	1.26	-.07 F	-5.3	1.0	1.1	12.7	.72	4.5	04-15-85	66.1	.7	1.7	13.77	18.84
Big B	BIGB	16.25	14.50	16.25	1.88	13.04	19.50	10.38	-.28	.93	2.50	-5.74	.68	.14 Q	25.0	11.0	3.0	23.2	.00	.0	09-21-83	148.1	4.4	2.3	1.20	4.58
Drug Sys	DRGS	6.13	5.50	5.50	-.38	-6.38	6.13	3.38	.65	-1.10	.90	4.90	.35	-.21 F	-37.5	NC	1.2	15.7	.60	10.9	05-09-85	104.7	1.3	3.0	1.28	5.84
Eckerd, Jack	ECK	27.13	25.25	25.50	-1.00	-3.77	32.88	20.00	-.44	-.20	-3.97	-5.19	2.27	-.03 N	-1.4	2.0	3.3	11.9	1.04	4.1	06-10-85	2622.5	85.4	2.0	2.52	16.47
Fay's Drug	FAY	9.75	9.13	9.13	-.50	-5.19	13.00	9.00	-.07	.03	1.07	14.11	.62	-.06 Q	-9.5	35.0	2.4	16.0	.20	2.2	06-24-85	366.7	8.7	1.8	1.65	4.28
Genovese Drug	GDX	12.50	12.00	12.00	.00	.00	16.50	9.13	.02	-.28	-6.00	25.45	1.03	-.13 Q	-12.7	37.0	1.9	13.5	.20	1.7	06-13-85	220.3	4.1	1.7	2.06	5.73
Longs Drg Strs	LDG	29.25	26.25	26.38	-2.13	-7.46	31.13	19.63	-.20	-1.27	-.61	25.11	1.88	.18 Q	10.3	9.0	2.9	13.7	.72	2.7	05-29-85	1375.8	40.1	2.1	.00	12.23
Medicare Glaser	MGCO	5.00	4.75	4.88	-.13	-2.50	7.00	3.50	.12	-.44	.04	-7.35	.05	-.38 F	-88.4	13.0	.2	97.5	.00	.0	00-00-00	81.7	.2	2.2	3.58	3.52
Perry Drug	PDS	23.38	21.13	22.63	1.50	7.10	23.38	15.25	.33	.89	6.55	-1.86	1.26	.10 S	8.8	12.0	2.1	18.2	.28	1.2	05-20-85	370.3	7.6	1.5	2.40	10.60
Revco Drug	RDS	25.63	24.50	25.13	.75	3.08	32.88	22.50	.22	.16	-.86	9.96	2.54	-.45 N	-18.6	13.0	4.2	12.8	.80	3.2	06-10-85	2227.5	93.4	2.1	1.08	12.22
Rite Aid Corp	RAD	26.88	25.38	25.75	-1.00	-3.74	33.50	22.00	.14	.25	-6.25	27.36	1.69	.08 Q	5.3	9.0	4.8	16.1	.50	1.9	07-12-85	1445.7	69.9	1.9	2.02	8.58
Thrifty Cp	TFD	20.88	19.38	19.50	-.63	-3.11	22.88	17.00	-.27	-1.42	1.69	8.32	1.40	.24 N	18.2	15.0	2.1	12.5	.60	3.1	05-06-85	1299.3	27.9	1.5	4.46	7.72
Walgreen Co	WAG	26.63	23.00	25.00	-.25	-.99	30.25	18.75	-.25	.56	2.81	-31.97	1.39	.20 N	15.0	20.0	3.1	16.3	.44	1.8	08-12-85	2744.6	85.4	1.7	.87	6.76
Wholesaler's transactions																										
Bergen Bruns	BBCA	31.38	28.75	28.75	-2.75	-8.73	32.38	20.13	.01	-.99	.21	52.40	1.57	.35 N	22.6	17.0	1.2	15.1	.32	1.1	07-26-85	1703.4	19.7	1.6	1.08	11.11
Bindley Wstn	BIND	11.75	9.25	10.38	-1.38	-11.70	15.00	9.25	-.88	2.45	9.61	-20.07	.73	.16 S	25.8	23.0	.8	13.3	.00	.0	05-01-85	566.7	4.7	1.4	.08	5.46
Cardinal Distrb	CDIC	18.25	17.25	17.25	-.75	-4.17	18.50	10.91	.18	-.55	-3.53	-76.92	1.01	.17 Q	18.9	NC	1.2	16.1	.08	.5	06-25-85	320.0	3.7	1.8	.92	5.91
Durr Fillauer	DUFM	13.75	12.88	12.88	-1.00	-7.21	15.25	9.81	-.37	-.72	-6.77	-28.11	.74	.13 S	19.1	15.0	1.7	15.9	.14	1.1	07-01-85	341.7	5.8	2.3	1.21	6.05
McKesson Cp	MCK	47.63	46.13	47.13	-.63	-1.31	50.00	35.88	.03	.20	-.48	4.19	3.60	-.07 Q	-1.9	-1.0	1.3	12.8	2.40	5.1	05-28-85	4887.1	65.0	1.5	12.99	30.40
Foxmeyer Cp	FXM	26.75	24.25	25.50	.75	3.03	29.75	21.00	.27	.06	-1.54	-1.81	1.56	.16 Q	11.3	25.0	1.3	16.2	.00	.0	00-00-00	717.1	9.0	2.8	17.31	16.51
Ketchum	KCH	19.38	18.25	18.63	-1.00	-5.10	23.88	13.22	-.59	-.41	-.51	2.31	.58	-.19 F	-24.7	NC	.2	32.1	.00	.0	09-24-84	273.7	.6	1.5	6.37	6.74
Owens & Minor	OBOD	23.00	21.00	21.00	-2.00	-8.70	24.25	12.00	-.23	-1.93	-1.92	-36.16	1.43	.29 S	21.6	15.0	1.2	12.9	.40	1.9	06-10-85	306.7	3.6	3.0	8.02	12.81
Manufacturer's transactions																										
Abbott Labs	ABT	57.00	53.50	55.38	.00	.00	60.00	36.75	-.15	.60	1.02	15.17	3.34	.49 S	15.8	17.0	13.0	15.4	1.40	2.5	07-09-85	3104.0	402.6	1.9	3.91	13.33
Am Home Prod	AHP	62.13	59.00	60.25	-1.75	-2.82	66.88	46.75	-.19	.14	2.26	-28.85	4.39	.31 S	7.3	11.0	15.1	13.3	2.90	4.8	05-07-85	4485.5	675.6	3.4	.26	13.74
Baxter Travenol	BAX	14.88	14.00	14.00	-.75	-5.08	17.50	11.75	-.29	-.86	-3.10	-12.96	1.03	-.40 S	-28.6	5.0	8.1	14.0	.37	2.6	09-09-85	1800.4	145.1	1.6	1.46	7.83
Block Drugs Co	BLOCA	38.50	37.50	38.50	1.00	2.67	40.50	25.72	.17	.02	.65	-12.28	3.48	.36 Q	11.1	11.0	10.5	10.7	1.00	2.6	06-11-85	247.8	25.9	2.4	3.28	22.47
Bolar Pharm	BLR	21.00	17.75	17.75	-3.00	-14.46	22.63	11.25	-.39	-1.42	-.62	-14.40	.61	.06 Q	10.2	24.0	18.2	27.3	.03	.2	08-06-85	29.1	5.3	7.5	.00	3.70
Bristol-Myers	BMY	61.38	58.50	59.13	-2.50	-4.06	66.50	43.63	-.17	.21	1.93	-10.71	3.45	.41 S	12.7	14.0	11.3	16.2	1.88	3.2	06-28-85	4189.4	472.4	2.5	.75	15.63
Carter-Wallace	CAR	46.00	33.00	34.75	-11.13	-24.25	46.63	22.00	-.49	.41	8.37	-20.95	2.66	.38 Q	15.3	20.0	5.9	12.1	.60	1.7	07-26-85	348.8	20.7	2.2	1.53	23.37
Forest Labs	FRX	28.25	24.50	26.63	-1.50	-5.33	32.50	12.13	-.61	1.94	-.10	-30.67	.73	.22 Q	39.3	14.0	16.3	34.1	.00	.0	01-14-83	25.8	4.2	8.3	.28	5.42
ICN Pharm	ICN	10.63	9.63	9.88	-1.38	-12.22	12.25	7.50	-.15	-.31	1.04	7.60	.00	-.09 S	-47.4	NC	1.6	98.8	.00	.0	00-00-00	44.8	.7	3.0	2.43	4.50
Key Pharm	KPH	12.75	10.50	11.38	-1.25	-9.90	17.13	8.00	.54	.84	-1.91	-22.69	.61	.06 Q	10.9	63.0	14.6	18.6	.20	1.8	06-10-85	151.1	22.1	3.4	2.52	1.60
Lilly Eli Co	LLY	85.88	81.00	83.25	-2.75	-3.20	90.38	54.88	-.10	-.18	6.51	20.83	6.73	.48 S	7.4	9.0	15.8	11.9	3.20	3.8	08-09-85	3109.2	490.2	1.7	1.63	31.04
Lee Pharm	LPH	6.88	5.75	6.00	-.63	-9.43	9.63	2.13	.38	1.12	-2.10	-13.82	.13	.38 N	NE	NC	6.2	25.0	.00	.0	00-00-00	8.1	.5	3.0	.20	1.73
Marion Labs	MKC	37.38	34.75	35.13	-1.63	-4.42	39.75	18.00	.01	-.26	1.60	-.64	.94	.32 F	51.6	34.0	12.2	37.4	.28	.8	06-14-85	295.7	36.2	2.4	.02	3.52
Merck & Co	MRK	113.38	111.13	112.25	-.50	-.44	117.25	79.75	.02	.21	-2.30	-10.72	6.71	.63 S	9.9	5.0	13.8	16.1	3.20	2.9	08-30-85	3559.7	493.0	2.0	2.48	35.29
Morton Thiokol	MTI	37.75	33.50	34.63	-1.13	-3.15	38.00	25.25	-.02	-.66	-1.28	-22.05	4.01	1.85 F	85.6	29.0	10.8	8.6	.64	1.8	05-24-85	1832.3	197.9	1.5	2.94	12.50
Mylan Labs	MYLN	22.00	18.50	18.75	-4.50	-19.35	26.00	10.38	-.88	-.57	3.80	8.93	.52	.28 Q	100.0	58.0	23.3	33.5	.05	.3	02-19-85	53.6	12.5	5.9	.09	1.22
Newport Pharm	NWPH	11.63	10.75	10.75	-1.00	-8.51	12.00	3.25	.23	-.78	-1.28	-9.28	.05	.26 F	NE	NC	5.7	NM	.80	7.4	05-23-85	10.5	.6	2.6	.22	.93
Pfizer Inc	PFE	49.88	47.25	49.13	-.50	-1.01	53.75	33.88	-.03	.79	-.72	-5.69	3.08	.39 S	13.5	15.0	13.2	15.0	1.48	3.0	07-26-85	3854.5	507.9	2.3	2.10	15.45
Reid Prov Labs	REID	5.88	4.88	5.00	-.88	-14.89	6.63	2.88	-.92	-.66	-4.01	40.45	.13	-.07 N	-35.0	32.0	6.7	38.5	.04	.8	12-10-84	13.4	.9	3.1	.02	.92
Robins, AH	RAH	12.38	10.25	11.00	.88	8.64	24.38	10.00	-2.13	.14	5.28	12.36	-18.44	-20.13 S	-100.0	NC	-73.0	NE	.00	.0	11-19-84	631.9	-461.6	1.7	.47	-5.23
Rorer Group	ROR	36.00	33.25	33.63	-1.88	-5.28	37.38	24.00	-.06	-.66	-1.26	31.75	2.08	-.03 S	-1.4	5.0	8.5	16.2	1.12	3.3	08-05-85	522.1	44.3	1.9	2.18	11.07
Scherer RP Co	SCHC	13.25	12.50	12.75	.00	.00	13.25	8.63	.69	.00	-3.27	11.06	-.43	-.96 Q	-100.0	NC	-2.0	NE	.32	2.5	06-12-85	167.4	-3.4	1.9	4.83	11.14
Searle, GD	SRL	65.00	64.50	64.88	.50	.78	65.50	45.75	.82	.08	1.08	-26.78	3.24	.09 S	2.6	13.0	13.0	18.0	1.00	1.5	08-02-85	1245.8	161.6	2.1	3.46	17.37
Squibb Corp	SQB	72.00	68.00	68.25	-3.88	-5.37	72.88	45.00	.24	-.54	-4.49	-11.52	3.68	.39 S	11.2	18.0	10.5	17.7	1.76	2.6	05-13-85	1886.0	197.2	2.3	3.74	24.87
Sterling Drug	STY	31.63	30.00	30.25	-1.38	-4.35	34.25	24.88	-.01	-.11	-1.49	-7.74	2.37	.14 S	6.1	4.0	7.8	12.3	1.20	4.0	04-30-85	1827.3	143.4	2.6	1.32	15.34
Syntex Corp	SYN	62.75	58.50	59.38	-2.63	-4.23	65.63	41.88	-.20	-.03	.79	-.18	4.08	-.27 N	-6.2	15.0	14.7	14.4	1.92	3.2	05-13-85	916.5	134.6	2.1	5.36	18.81
Thompson Med	TM	15.75	15.38	15.38	-.25	-1.60	24.00	13.25	-.12	-.32	-3.09	11.20	2.20	-.67 S	-30.7	22.0	10.8	10.2	.40	2.6	06-25-85	197.2	21.2	4.3	.00	7.09
Upjohn Co	UPJ	118.00	110.63	113.88	.75	.66	122.50	52.00	.05	.43	-4.04	-16.89	5.67	-.61 S	-10.1	.0	8.0	21.0	2.56	2.2	04-01-85	2179.1	173.3	1.7	12.47	37.00
Warner-Lambrt	WLA	40.13	37.13	37.50	-2.13	-5.36	46.50	30.50	-.51	-.62	4.30	.21	2.81	.28 S	10.4	6.0	7.1	12.6	1.48	3.9	05-06-85	3166.7	223.9	1.7	6.47	18.18
Zenith Labs	ZENI	26.25	24.25	25.50	-1.50	-5.56	29.50	5.25	.10	.84	.85	10.81	.28	.44 S	244.4	85.0	7.7	41.1	.00	.0	06-19-85	37.5	2.9	2.6	.27	1.99

All data is based on sources believed to be reliable, but its accuracy is not guaranteed. Every effort will be made to correct errors, when discovered, in future issues.

Footnotes:

NA - Not Applicable
NC - Not Calculable
NE - Negative Earnings
NM - No Meaningful Figure
Q - First Quarter
S - First 6 Months
N - First 9 Months
F - Fiscal Year

Data and Table Prepared by Media General Financial Services, Inc., Richmond, Virginia 23219

OTC buyers detail their dissatisfaction with

What buyers most want to know

(% of buyers who ranked this service as extremely/very important to them)

Service	% all respondents	% chains	% independents
Return policies	75	77	73
Invoice dating terms	75	80	70
New product information	70	70	70
Ad campaigns and promotions	60	77	43
Case allowances	55	64	47
Regional market share	55	67	43
Co-op advertising allowances	53	66	40
Consumer rebates	50	54	47
Display allowances	49	47	50
Product movement info	42	53	30
Consumption patterns	32	43	20
Cents-off coupons	31	40	23
Planogramming info	30	33	27
Display materials	29	17	40
National market share info	27	30	24

Source: Drug Stores New *OTC Buyer Survey*

Buyers of over-the-counter products for chain and independent drug stores are not satisfied with the services they are receiving from manufacturers' reps.

According to a special study commissioned by *Drug Store News*, the majority of OTC buyers say they are not satisfied with the caliber of most of the information given them during visits with manufacturers' reps.

Store detailing OTC's

In their survey responses, buyers indicated that they particularly cared about getting information in the following areas: on return policies; new products; invoice dating terms; case allowances; display allowances; and on upcoming manufacturer sponsored consumer advertising campaigns and promotions.

However in only one area, the receipt of product info, did a high percentage of buyers, 37% overall, indicate they were "very satisfied" with the type of information they were receiving in this area.

Generally only one-fifth of the sample described themselves as "very satisfied" with the information they were receiving, and in the important instance of obtaining information on return goods policies, nearly 9 out of 10 buyers claimed to be unsatisfied or just moderately satisfied.

Chains tended to be more satisfied than independents, but even with chains, there was more dissatisfaction than satisfaction. Only in three areas (the receipt of information on invoice dating terms, new products and consumer rebate programs) were at least half the chain respondents satisfied.

The rest of the time, two-thirds or more of the chain respondents registered high levels of dissatisfaction.

With the independents, the situation was much worse. Only one-fifth of the independent respondents were satisfied on a few key areas like

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immediately relieves
MAXIMUM STRENGTH
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TOOTHACHE PAIN MEDICINE

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for every kind
of minor
mouth pain—
that's why
Orajel® is America's #1 selling

The most complete line
Orajel is the only line that's formulated to give customized treatment for every kind of minor mouth pain.

Heavily promoted on TV and in Print
Continuous high impact consumer and professional advertising on national television and in print make the Orajel line turn over fast.

Orajel—the top selling line

manufacturers' reps

new product information or display allowances, the rest of the time as much as 80% to 100% of our chain respondents were dissatisfied.

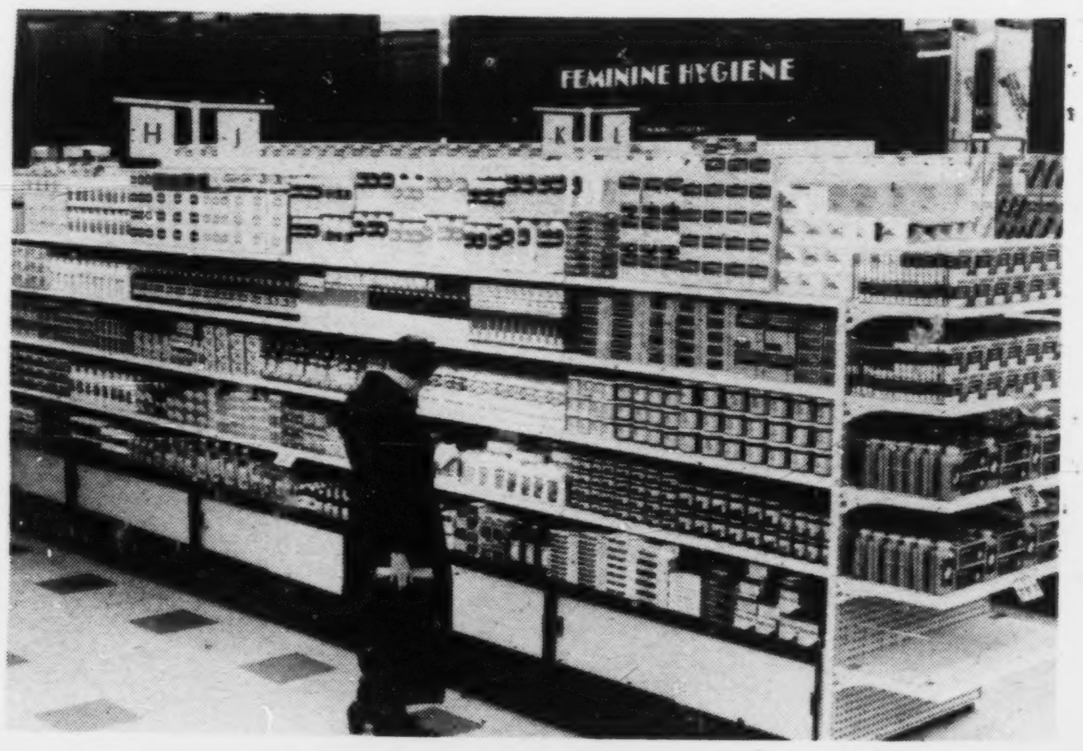
The study showed that while chains and independents were equally concerned over return good policies, invoice dating terms and new product information (the three areas each group ranked as most important to them), chains cared more about getting information on external promotional programs like manufacturer initiated consumer ad campaigns and co-op advertising allowances while independents cared more about internal marketing supports like case allowances and display materials.

The overall low levels of satisfaction were particularly evident when it came to the important area of receiving visits from manufacturers who were introducing new products.

Lebhar-Friedman Research, which did the study for *Drug Store News*, asked buyers about rep visits for 10 randomly selected new products that had been launched within the recent year.

Only two company salesman were rated "extremely satisfactory" by more than a third of the OTC buyers interviewed: Whitehall and McNeil.

In terms of actual rep visits, only seven of the 10 companies examined managed to get to 50% or more of our respondents in the course of a specific new product launch. Alcon, during the introduction of Opti-Cleaners, Coopervision, during the introduction of Hypo Tears, and Allergan, during the introduction of Lensept, did *not* make it to more than 47% of our total sample.



All three of these companies, however, did make it to more than 50% of the chain buyers. Their low overall visit frequencies were dragged down by the infrequency of their visits to independents. Allergan, for instance, only reached 13% of our independent buyers during the launch of Lensept.

Product introduction

Ciba-Geigy with Accutrim, Bristol Myers with Nuprin, Warner Lambert with Mediquell, Whitehall Labs with Advil and McNeil with Tylenol Caplets did the best job of reaching the chain buyers during their recent new product launches. Reps from these companies managed to visit at least 87% of all the chain buyers interviewed.

Ciba-Geigy, with both Accutrim and Slo-Fe, did the best job of reaching the independents with rep visits. Nearly 7 out of every 10 independents interviewed reported seeing a Ciba rep during those two specific new product launch periods.

Buyer Dissatisfaction Scale

(% of buyers somewhat or not at all satisfied)

Services	% all respondents	% chains	% independents
Return policies	87	78	96
Invoice dating terms	74	52	100
New product information	63	45	81
Ad & promotions	72	60	93
Case allowances	79	70	93
Regional market share	82	70	100
Coop allowances	73	67	85
Consumer rebate programs	73	50	100
Display allowances	80	79	81
Product movement info	76	69	89
Consumption patterns	79	69	100
Cents-off coupons	74	61	81
Planogramming info	84	70	100
Display materials	89	80	93
National market share info	94	91	100

Source: Drug Stores News *OTC Buyer Survey*

Bristol Myers with Nuprin, Whitehall Labs with Advil and Pennwalt with Corsym also did a decent job visiting the independents. At least 57% of our independent respondents reported seeing reps from these companies during the launching of the new products we specifically named.

In terms of pleasing buyers by giving them all the information they desired during the course of their visits, Whitehall Labs, Ciba-Geigy, Warner Lambert, McNeil and Pennwalt did the best job overall. These companies succeeded in pleasing all buyers during the course of their visit to the point that at least 6 out of 10 buyers reported being

(Continued on page 41)

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Fast relief of
Pain due to braces
NEW
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brace-aid
oral anesthetic GEL
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Fast pain relief
HELPS HEAL
Mouth & Lip Sores
Canker, Gum & Cold Sores
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Packages adaptable to shelf or J-hook display.

line of topical oral analgesics*

High profit
The up to 50% profit on every unit sale is hard to beat! It's a real important contributor to HBA profits.

Act now!
Extra promotional allowances available.

Take advantage of Orajel's lucrative promotional programs.

Call your wholesaler, Commerce Drug representative or Larry Owens, Sales Department.
Special Watts number 1-800-645-4664 (outside N.Y.)

* Source: Leading independent Audit Service: Drug/Food—12 mo. unit sales ending January/February 1985.

that gives you the best bottom line!

$ $ $ $ $ $ $ $ $ $ $ $ $ $ $ $ $ $ $

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Reps favor chain visits for product launches

Continued from page 39

"very or extremely" satisfied.

They also did the best job with independents, at least 4 out of 10 buyers say they were "very or extremely" satisfied with reps from these companies.

Some companies, however, like Coopervision with Hypo Tears and Alcon with Opti-Cleaners pleased less than 2 out of every 10 independent buyers and just 4 or 5 of every 10 chain buyers.

Product mix

According to the study, chains and independents both try to stock a broad variety of OTC products to give their customers as much of a selection as possible. Chains were a little more likely than independents to stress variety in their mix while independents were a little bit more likely to stock only the major three to five brands in each of the dominant OTC product categories.

Oddly enough, however, the independent OTC buyer was more likely than the chain buyer to use an everyday competitive pricing strategy to bring in customers. Fifty-seven per cent of all independent responses agreed with the statement "we stay competitive with other drug stores in our market" compared to just 40% of all chains.

Chains, however, were four times as likely to use low promotional prices to lure in customer traffic. Some 43% of the chain respondents said that they relied on sales and low promotional prices to attract traffic rather than staying competitive overall with other stores in their market. Only 10% of the independents followed that strategy. No one had a "we are never undersold policy," and independents were twice as likely as chains to use their full-service features to justify that pricing.

Advertising

Print ads were an important vehicle for OTC advertisers. In print ads which featured OTC products, those OTC brands advertised constituted an average 43.2% of all the products featured.

The ads run by drug chains tended to be larger than ads run by independents and to numerically feature more OTC products. But, the independents in their ads gave the OTC category a more important role: 51.3% of all products in an average independent ad were OTC items compared to just 36.3% for all products in an average chain ad.

The average drug chain tended to mention 84.2 products in their typical ads while the average independent ads generally totaled about 36 products. Of the 84 products featured in an average chain ad, some 22 or 36% were OTC items while for those average independent ads which featured 36 products, some 15 or 51% were OTC items.

Store detailing
OTC's

Chains were certainly the most frequent promoters of OTC. Fifth-three per cent of all buyers said they advertised OTC items once or twice a week compared to 37% of all independents. A third of all chains and all indys, however, did promote OTC's at least once or twice a month.

Sales performance

Most of the respondents in the survey reported that sales in their OTC departments had increased in the last two years. Only 5% reported a sales decrease and only 10% said sales were flat. The remaining 85% said sales were up.

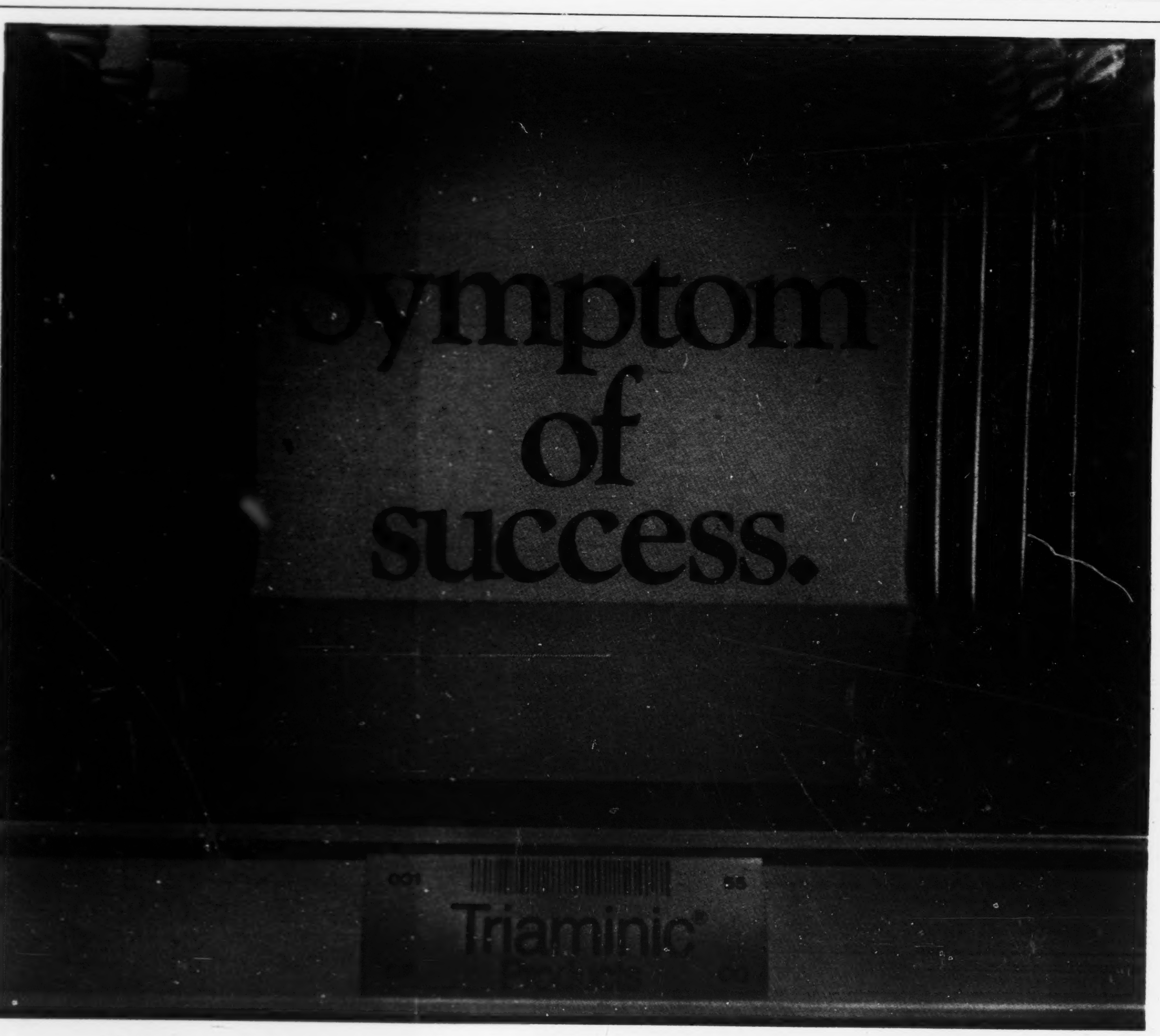
The average sales increase reported by OTC buyers for the past two years was 11%. Buyers cited a number of reasons why they believed sales had climbed. Four out of 10 said it was because of pricing strategies. Many buyers said that in those cases where they

Continued on page 42

Preferred frequency of OTC rep visits

Desired frequency of visits	% chain respondents	% independent respondents
Monthly	63	57
Every 2 to 3 months	27	17
Every 4 to 6 months	10	13
Annually or less	0	13

Source: Drug Stores News *OTC Buyer Survey*



Make sure to stock up.

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We're advertising heavily, too. On daytime and prime time network and spot TV. In free-standing inserts, newspapers, and on the radio. And we're backing up our consumer advertising with substantial support in professional journals and direct mailings.

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We also offer many trade allowances. Like extended dating, 8⅓% off-invoice allowances. Plus co-op and display allowances.

And since 1981, the drugstore sales growth of Triaminic® products has almost doubled that of the cough/cold category.

So remember to keep plenty of Triaminic® Liquids and Tablets at your customers' nose level this season. Because high profits are nothing to sneeze at.

For complete details write to Dorsey Laboratories, Division of Sandoz, Inc., Lincoln, Nebraska 68501.

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Buyers agree: Ads, promos boost OTC sales

Comparing OTC departments

	Chain	Independent
Average number of sku's stocked	6,400	3,800
% of total dollar volume generated from OTC product sales	24.6%	21.0 %

Source: Drug Stores New *OTC Buyer Survey*

OTC advertising frequency

Ad frequency	% chains	% independents
Once or twice a week	53	37
Once or twice a month	33	33
Less than once a month	7	30
No response or no OTC ads	7	0

Source: Drug Stores New *OTC Buyer Survey*

(Continued from page 41)

had lowered prices, turns had increased, building volume. They also pointed out that price increases on less sensitive products like athlete's foot powders had helped to build average overall category sales.

Thirty-seven per cent of the buyers also thought that better advertising and stronger promotions had also helped to improve sales. Just 20% felt the increases were due to product introductions and just 10% atributed them to having larger stores in which to stock more inventory and therefore sell more product.

Independents, however, were more likely than chains to attribute category growth to larger inventories and more stock on hand. Chains felt their sales increases were more likely due to better advertising and promotions as well as to new product introductions.

Store detailing
OTC's

Chains also mentioned the development of newer and larger stores as other reasons for the category's growth. Newer stores and larger more attractively merchandised stores, they felt, created a more exciting and pleasant shopping environment for the consumer and that, in turn, they reasoned, led to higher sales.

Both independents and chains reported that OTC products accounted for almost a quarter of their total store sales. The average per cent of total sales, for both chains and indys was 22.7%.

Space allocations

Five out of 10 respondents in the survey reported that store space for OTC products had increased in the past two years, almost proportionately with sales increases.

Only 5% of the respondents reported a diminishing of space, but 48% did report that space remained the same. For those reporting an increase, the average growth for the department was 8.5%. For chains, however, the average for space expansion was closer to 9.5%. Seven out of every 10 chain respondents reported that their OTC department expanded the past two years·

Methodology

The *Drug Store News* OTC buyer study was done in the early summer of 1985. Independents were randomly selected from a list of over 7,000 high-volume establishments supplied by *Drug Store News*' sister division, Chain Store Guides. Chains were randomly selected from among the nation's 100 highest volume drug retailing companies.

Thirty-seven per cent of the responses came from companies generating between $16 million and $25 million a year in sales; 33% came from companies doing between $29 million and $75 million a year in sales; and 30% came from companies doing more than $100 million a year in sales. Among the independent respondents, 83% were doing between $500,000 and $1 million a year in sales while the remaining 13% were doing between $1 million and $2 million.

Changing weather means more cold sores. **Stock up now** with
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Cold Sore Lip Balm. *"It Works!"*
Write: CAMPBELL LABORATORIES, INC.
P.O. Box 812-A, FDR, NY, NY 10150

Pharmacy Management Notebook

Linking Pharmacy, Patient and Physician to Improve Service, Increase Business

Pharmacy as health care hub
Pharmacy is evolving further as a hub for health care. As this trend develops, the pharmacist will benefit from increased professional contact with both patient and physician. The result: more store traffic, higher sales, improved profitability.

Two factors are converging to create this potential:

- the customer's growing concern for personal health,
- and the need for both individuals and third-party payers to reduce overall health care costs.

'Pharm-Link'™ Makes the Link
The nation's leading developer of pharmacy management systems has created a unique cluster of computer advances designed to position pharmacy as a key link in the health care chain.

Named 'Pharm-Link', this innovative concept from General Computer Corp. combines novel new developments with existing features of 'The Solution' pharmacy system to better serve patient and physician:

Med Module™ — A free-standing, in-store module that electronically screens the patient for important vital signs: blood pressure, pulse, respiration and temperature. Results are displayed on a color screen and fed into the patient's medical profile in the pharmacy computer.

Med Module requires no attendant and gives the customer a convenient, cost-effective supplement to recommended medical checkups.

Health Card — A personalized card that activates the Med Module. Individualized bar codes identify the patient with confidentiality. Health Card distinctively displays the store name and invites repeat visits because it works only with the participating pharmacy's Med Module and computer.

Physician Phone™ — A remote terminal that establishes a professional link with the participating physician. Drawing on the pharmacy computer's comprehensive drug interaction modeling, the physician may determine in advance possible interactions before a prescription is written.

The pharmacist controls use of Physician Phone and access to the pharmacy computer. The remote terminal plugs into a telephone jack and includes handset, hands-free speaker phone and auto dial. Easy to learn and use.

Interaction Monitoring — A comprehensive base of ingredient-level data offering superior monitoring for interactions of drugs, allergies, nutrients and medical conditions. Advanced surveillance

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Merchandiser:
Competition sparks photo deals—p. 15

Beauty Beat:
'Tis the season to buy for Christmas—p. 19

Pharmacy:
Waxman warns drug prices hurt consumers—p. 31

DRUG STORE NEWS®

Vol. 7/No. 20 **Serving chains, wholesalers and high-volume independents for 56 years.** Published by Lebhar-Friedman Inc. September 16, 1985

Eckerd seeks friendly buyer

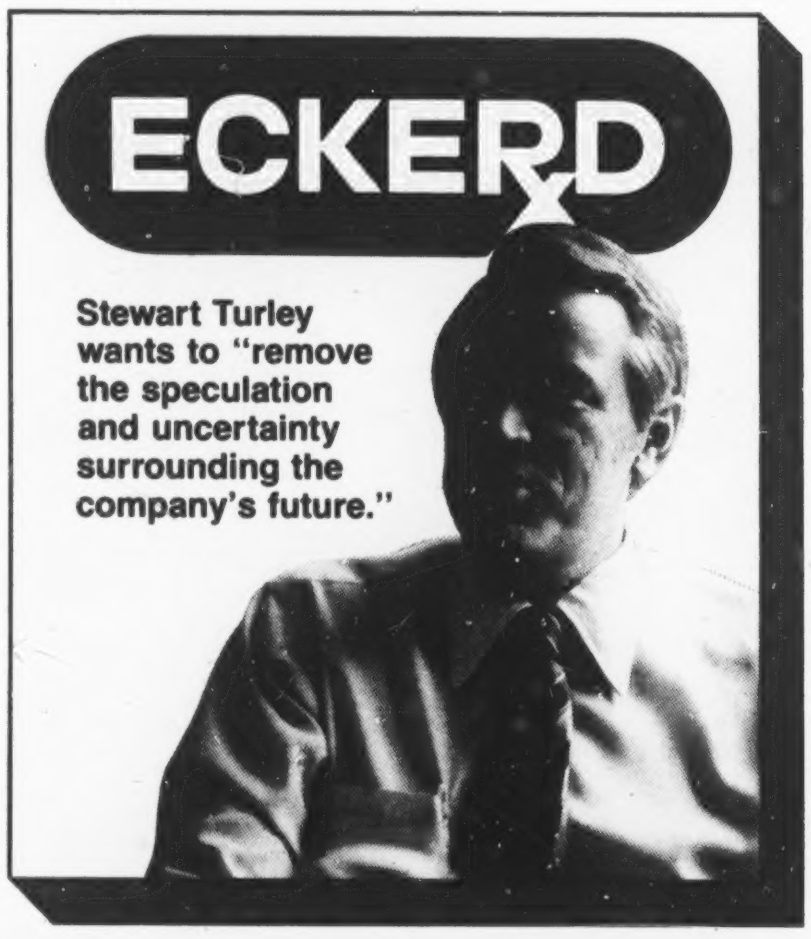
By Marjorie Shaffer

CLEARWATER, Fla. — After weathering a possible takeover by the Dart Group, the Jack Eckerd Corp., in a surprise move, said it was holding "preliminary conversations" with a small number of selected companies about a possible sale or merger of the 1,500-store Eckerd Drug chain. The company said it had retained Goldman Sachs & Co., to negotiate potential proposals.

At the same time, the company also announced that earnings from continuing operations for the fiscal year ended Aug. 3 would plummet 30% to between $56 million and $61 million. Last year the company earned $85.4 million.

Stewart Turley, chairman of the board and president, said Eckerd had been put on the block to "remove the speculation and uncertainty surrounding the company's future."

If Eckerd is sold, it would be the biggest prize in the history of the industry. Based on the current market, Eckerd could fetch $1.25 billion. Some analysts even believe that Eckerd could fetch as much as $40 per share, or $1.5 billion, or 35.8 million shares outstanding.



Stewart Turley wants to "remove the speculation and uncertainty surrounding the company's future."

Potential suitors include American Stores, Imasco and Safeway. Sources noted that K mart had dropped out of the fray because it still had to digest its acquisition among other things.

The intention to sell or merge Eckerd sur-

Continued on page 55

Walgreen buys Ribordy, 26-unit Indiana chain

DEERFIELD, Ill. — Walgreen Co. has purchased the 26-unit Ribordy drug chain based in northwestern Indiana for an undisclosed cash amount. Last year Ribordy racked up an estimated $36 million in sales.

The acquisition leaves just two independent drug chains, Thornburg and Keltsch, which operate seven and 13 stores, respectively, in the state of Indiana.

The 30-year-old Ribordy drug chain is headquartered in Valparaiso—about a two-hour drive from Walgreens headquarters.

Ribordy operates 24 Ribordy Drug stores and two R-Way deep-discount drug stores in northern Indiana. Average store size is 13,500 sq. ft., but two are 17,000 sq. ft. and three are 14,000 sq. ft.

According to a Walgreens spokesman, the size of Ribordy's stores are a good fit for Walgreens, which average 10,000 sq. ft. Moreover, the spokesman said that the acquisition will provide Walgreens with access to several new markets, including South Bend, LaPorte and Rensselaer. Walgreens operates 27 drug stores throughout Indiana.

"We selected Walgreens over other chains because we feel that it is a good company, and we think it will do very well with our stores," said William Ausenbaugh, 57, executive vp of Ribordy and its co-founder. Ausenbaugh is one of four major stockholders in the company.

Asked why the chain decided to sell at this time, Ausenbaugh replied that "it seemed to be the right climate, and with the tremendous amount of consolidation occurring in the industry, it was a sensible business decision. The offer was very good."

Ausenbaugh, who started the chain 30 years ago with his college roommate, Denis Ribordy, president, also noted that northern Indiana was an "ideal market for Walgreens" because of its proximity to the industry giant's headquarters

Continued on page 55

Centralized distribution is new tack for American

By Lou Karney

SALT LAKE CITY — In consolidating its three drug divisions—Osco, Skaggs and Sav-On—into a single super-drug chain, American stores is centralizing its distribution center.

The move to centralized distribution, following the acquisition of Jewel Companies in 1984, represents a 180-degree turn, since American's chairman, Sam Skaggs, has always been an advocate of supplying stores through drug wholesalers.

A security analyst who tracks the company says that Osco changed Skaggs' thinking. "Osco, the most profitable of the drug divisions, has been a centralized operation for years," the analyst said. "And Dick George, president of Osco—who in essence is the president of all the drug stores—is calling the shots."

At the core of the new alignment are four distribution centers that will supply drug store merchandise and pharmaceuticals to American drug stores.

Of the four centers, only the one in Payson, Utah, is a completely new facility being built from the ground up. The others are:

- An existing facility in Ponca City, Okla., which American is taking over.
- A 165,000-sq.-ft. addition to American's Sunrich Mercantile subsidiary in La Habra, Calif., which will replace its Anaheim distribution center in 1986.
- The existing Osco distribution center in Elk Grove Village, Ill.

It is estimated that Osco handles 80% to 90% of its in-

Continued on page 56

Osco's Dick George
'. . . calling the shots'

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DRUG SYSTEMS, which operates 38 White Drug Enterprises stores, has agreed to purchase Pill & Puff, a Milwaukee-based chain of 21 H&BA stores, for an undisclosed amount. Drug Systems also operates 32 Wil-Car H&BA stores and franchises eight others. Vincent W. Dixon, president of Drug Systems, said the company plans to open 12 new Pill & Puffs in the next 18 months. Pill & Puff's current management will remain.

Pay Less banking on POS system

WILSONVILLE, Ore. — Pay Less NW has installed 300 new on-line POS registers and expects to have 3,000 in place by the end of 1986.

A major benefit of the new registers is their adaptability, according to Jim Baer, vp of data processing. "Every company has different priorities. Ours is on-line processing of bank and debit cards through direct hook-up with the bank."

Baer said that it will now take only six seconds to process a bank transaction, as opposed to a minimum of three and a half minutes. "That speeds up the checkout operations," he explained.

Hardware for the new registers is being manufactured by a company in Portland, Ore., under contact with Pay Less. Software was designed in-house.

When a debit card is used to pay for a transaction, funds are transferred electronically from the customer's account to the Pay Less account. When a credit card is used, the customer's credit is first checked electronically. Thus, losses from bad checks, poor credit, or fraudulent cards are eliminated.

Another major benefit of the register, according to Baer, is that it is software-driven (by an IBM Series One computer) and "we can program it to do anything that we want it to do without changing the machine—or even the keyboard."

Pay Less' new register records sales and inventory via an in-store computer which is on-line with the host computer for a transfer of data.

Baer would not reveal the price of the register, except to say it is less than comparable registers now on the market. He also said Pay Less has not made a decision as to whether to market the register to other retailers.

Continued on page 56

Using radio to paint an

0023447C DR 1
MS .JEANNE LONG
CONGRESSIVE INFO SRVCS I 1JX
4520 EAST WEST HIGHWAY
BETHESDA MD 20814

NEWS IN BRIEF

Perry reduces prototype by 2,000 sq. ft.

PONTIAC, Mich. — Perry is reducing its prototype drug store about 2,000 sq. ft., to 10,880 sq. ft. from 12,500 sq. ft., according to Mickey Kole, president of the company's drug store division.

The chain, which currently operates 183 drug stores, decided to downsize its drug stores to decrease occupancy costs and improve productivity.

Kole said that "marginal merchandise" will be eliminated in the smaller stores. Such merchandise includes non-traditional, exotic items such as paint and plumbing supplies and, in some locations, live animals and boats. Perry, which may have the distinction of being the only drug chain to carry pets, is currently conducting a study to determine the viability of that department.

In line with the elimination of exotic merchandise, Kole said that Perry would expand traditional drug store departments like cosmetics and health & beauty aids.

Big B's 2nd quarter sales rise

BIRMINGHAM, Ala. — Big B reported that earnings for the second quarter increased 3% to $959,000, or 15¢ a share, from $930,000, or 14¢ a share, in the same period last year. Sales for the quarter, which ended Aug. 3, were up 17.5% to $38.3 million from $32.5 million.

For the first half, profits increased 7.8% to $2.2 million, or 34¢ a share, from $2.1 million, or 31¢ a share, in the comparable period a year ago. Sales for the half rose 20.2% to $83.3 million from $69.3 million.

Big B, which operates 113 drug stores, five combos and three home health care centers, is in the midst of a heavy capital expansion program, with 20 new units set to open during the current year. Work is also under way on the company's new 240,000-sq.-ft. office and distribution center, which will open this fall.

Rite Aid names Auchey vp

HARRISBURG, Pa. — Rite Aid announced that Donald Auchey has been named vp of store planning. Auchey, who had been vp of facility engineering for Smith Management Corp., the Salt Lake City-based food and drug retailer, will oversee design and construction of new stores as well as the remodeling of existing ones. He is also in charge of the purchase and manufacture of equipment and fixtures used by Rite Aid.

Alco acquires Valdosta

VALLEY FORGE, Pa. — Alco Health Services Corp., the nation's fourth largest drug wholesaler with sales of almost $1 billion, has acquired Valdosta Drug Co., Valdosta, Ga., for an undisclosed amount of cash. Alco said that the 95-year-old Valdosta, a full-service drug wholesaler with annual sales of more than $20 million, will remain under the management of president Bobby G. Kent. Alco already does business in the region through Duff Brothers in Chattanooga, Tenn., and Geer Drug in Charleston and Greenville, S.C.

Drug chains sell Calif. lottery tickets

SACRAMENTO — Among the 5,996 California retail chain stores authorized to sell California's new lottery tickets are three drug chains: Longs, Thrifty and Pay Less. The lottery will begin in late September or October.

INDEX

Classified 55
Editorial 4
Financial 6
Merchandise News 53
Merchandiser 15
Pharmacy 31
Product Update 49

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Midwest Hook's, SupeRx exchange management

INDIANAPOLIS — The 26 SupeRx stores located in Hook's dominant marketing areas of central Indiana and east central Illinois, have been turned over to Hook's. At the same time, the five Hook's stores in SupeRx-dominated areas, mainly south central Illinois and west central Ohio, have been turned over to SupeRx management.

"The changes are a result of Hook's merger with the Kroger Co., and the reorganization of SupeRx's north central region, and should result in operating efficiencies and improved customer services for both companies," said J. Douglas Reeves, chairman and president of Hook's.

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J. Douglas Reeves
Hook's chairman, pres.

No change planned

There are no name changes planned for the stores, and each will maintain its current distribution systems.

According to a Hook's official, the SupeRx stores that it now operates will be treated as equal but separate sister stores. "The two stores' logos will appear alongside each other in all advertisements, and all merchandise promoted will be available in both stores," said James Rogers, Hook's vp and director of public relations.

Extending promotion

Customers of SupeRx stores located within Hook's operational areas will be able to take advantage of all promotional and community-related activities. The customers at the 26 SupeRx stores will also be able to use Hook's "Promise" card for customer charges and other special services.

The first of the many expected synergisms of the Hook's SupeRx relationship took place last month when Hook's took over the management of SupeRx's only health care store in Nashville. That store is now being operated as one of Hook's 17 Convalescent Aids Centers.

NWDA: '84 gets good grades on performance, productivity

ALEXANDRIA, Va. — Drug wholesalers recorded a banner year in 1984, following a year in which operating results suffered a slight decline, according to the National Wholesale Druggists' Association.

According to NWDA's 1984 Operating Survey, the performance was particularly strong in expense reduction and productivity gains.

The survey found, for example, that operating expenses as a percentage of net sales dropped to a record low of 6.84% from 7.21% in 1983 and 7.79% the previous year.

Personnel productivity also hit a record, according to the NWDA, as lines per warehouse picking manhour reached 59.01, up from 55.32 last year and 58.60 in 1982.

In addition, gross profit per employee was $72,280 on a FIFO basis in 1984 vs. $64,570 in 1983 and $56,410 the previous year.

LIFO net margin also reached a new peak at 1.42%, compared to 1.37% in 1983 and 1.41% the year before. On a FIFO basis, the net margin was 1.78% last year, only slightly better than the 1.75% recorded in 1983 and less than the 1.95% achieved the previous year.

Other findings from the survey included the following:

- Average line extension improved to $20.28 in 1984, compared to $18.39 in 1983 and $16.60 the year before.
- After a slight downward turn in 1983, inventory turnover edged upward in 1984 to 7.29 times from 7.27 in 1983.
- Sales per square foot of warehouse space rose to $798 in 1984, from $685 the previous year and $594 in 1982.
- Return on net worth increased to 15.34% from 15.23% in 1983, but was still slightly below the 15.55% recorded the previous year.
- Gross margin continued its decade long decline, hitting 9.39% last year, down from 9.77% in 1983.
- Overall sales were up 12.76%, based on inflationary pressures in the drug industry, but "real" sales growth was up only 4.84%.

NACDS opposes Medicaid change

CHICAGO — NACDS may file a lawsuit against the Health Care Financing Administration (HCFA) to stop an Oct. 1 change in Medicaid policy that would lower pharmacy reimbursements.

Jim Harrison, chairman of the National Association of Chain Drug Stores, made the announcement before a general business session at this year's NACDS Pharmaceutical Conference.

Harrison reaffirmed NACDS' commitment to "leaving no stone unturned in our efforts to stop the Oct. 1 target date."

"Hopefully, such action will not be needed," said Harrison, "but it may be our last recourse if HCFA does not relent."

Under HCFA's proposal, Medicaid reimbursements to pharmacists, currently based on drugs purchased at the average wholesale price, would shift to reimbursements based on the actual acquisition cost, eliminating any "earned" discounts between the two cost-basing methods.

Another issue considered by Harrison to be responsible for eroding profits on prescription sales, that NACDS will follow closely, is preferential pricing and the misinterpretation of the Non-Profit Institutions Act.

"The act is looked upon by many in pharmacy as the root cause of every problem we have, from halitosis to athlete's foot," said Harrison.

Although Harrison admits that it may be somewhat of an exaggeration, he believes the issue of preferential pricing "deserves the reputation it has due to its potentially devasting effect on many aspects of pharmaceutical delivery in America."

Harrison told the attendees that the NACDS will offer constructive suggestions and legislative recommendations to Congress in the hope of "eliminating the widespread abuses that are occurring under the Non-Profit Institutions Act."

The NACDS will recommend to Congress that only bona fide charitable hospitals caring solely for indigent patients be allowed to purchase drugs at preferential prices.

In addition, the chain organization will ask Congress to require stronger regulatory enforcement, including "greater surveillance of all imports, exports and re-imports by the Food and Drug Administration and the U.S. Customs Service to guard against counterfeit medications entering the domestic market.

"Also, we will work to educate the Congress that the current drug distribution system works well and efficiently in bringing quality medications to consumers," said Harrison. "NACDS will devote a significant amount of energy to this issue."

Correction

In the article "OTC buyers detail their dissatisfaction with manufacturers' reps" (Sept. 2 issue), the manufacturer of Lensept was incorrectly identified. Lensept is manufactured by American Optical.

FINANCIAL

Longs income rises

WALNUT CREEK, Calif. — Longs Drug Stores reported that unaudited net income for the second quarter increased 5% to $9.9 million, or 51¢ a share, from $9.7 million, or 49¢ a share, in the same period last year.

Unaudited sales for the quarter, which ended Aug. 1, rose 10% to $355.8 million from $324.3 million last year.

William Combs, vp-administration and treasurer, said the slowing in profit growth was the result of "increased costs in employee compensation" and a decline in interest income, partly due to lower interest rates.

For the six months, net income was up 7% to $20.3 million, or 94¢ a share, from $18.9 million, or 89¢ a share, in the corresponding year-earlier period.

Six-month sales increased 11.4% to $703.5 million.

The board of directors declared a quarterly dividend of 18¢ per share payable Oct. 3 to holders of common stock on Sept. 3.

At the close of the quarter, Longs operated 196 drug stores in California, Hawaii, Alaska, Arizona, Oregon and Nevada. Five stores have been opened since the beginning of the fiscal year and 16 are under construction.

Perry reports sales, earnings up

PONTIAC, Mich. — Perry Drug reported record sales and earnings for the third quarter ended July 1. The chain said the results reflected "continued progress in the consolidation and integration of its latest acquisitions."

Net earnings for the period increased 69% to $2.7 million from $1.6 million in the comparable year-earlier quarter. Earnings per share, restated to reflect a 3-for-2 split announced earlier, would be 27¢ vs. 18¢ last year.

Third quarter sales increased 48% to $140 million from $95 million a year earlier.

For the nine months, net earnings increased 30% to $7.2 million from $5.5 million in the same period last year. Earnings per share for the nine months were $1.09, compared to 92¢ a year ago.

Sales for the nine months increased 37% to $377 million from $275 million. Nine-month sales are already higher than all of last year's, the company said.

"We are obviously pleased by our continued good performance," said Jack A. Robinson, chairman and ceo.

At the end of the third quarter, Perry was operating 183 drug stores and five health care companies in addition to the auto parts stores.

SGC net earnings up 15%

WOODBRIDGE, N.J. — Supermarkets General, operator of Pathmark and Purity Supreme supermarkets and drug stores, reported that net earnings for the second quarter increased 15% to $18 million or $1.01 a share, from $15.7 million, or 88% a share, in the same period last year.

Supermarkets General reported that sales in its free-standing drug stores continued strong during the quarter.

		STOCK PRICE							TREND TO MARKET				EARNINGS/SHARE					P/E	DIVIDENDS			FINANCIAL POSITION				
		From 08/09/85 - 08/26/85							Price Trend (% per day)		Volume Trend (% per day)			Latest 12 Months vs Preceding 12 Months Change					Indicated Dvd. rate						Last Fiscal Year (Per Share)	
					Change		52-Week															Last Fiscal Year				
Name	Symbol	High	Low	Close	Amt	Pct	High	Low	Last 30 Days	Last 5 Days	Last 30 Days	Last 5 Days	Last Fiscal Year	Amt.	Pct	5-Year Annual Growth Rate	Profit Margin	Latest P/E Ratio	Amt.	Yield	Last X-Dvd. Date	Revenue	Earnings	Current Ratio	Long Term Debt	Common Stock Equity
-	-	$	$	$	$	%	$	$	%	%	%	%	$	$	%	%	%	-	$	%	-	$ Mil	$ Mil	-	$	$
Chain Store transactions																										
Am Stores	ASC	62.13	57.50	57.50	-4.50	-7.26	67.50	35.38	-.27	-.91	-5.75	8.57	5.71	1.86 Q	49.7	34.0	1.5	10.3	.64	1.1	06-17-85	12118.8	185.5	1.2	37.93	21.40
Begley Co	BGLY	16.50	15.50	15.50	-.50	-3.13	17.63	15.00	-.08	-1.08	-.51	-50.00	1.26	-.07 Q	-5.0	3.0	1.1	11.7	.72	4.6	04-15-85	66.1	.7	1.7	13.77	18.84
Big B	BIGB	16.25	14.00	14.00	-1.88	-11.81	19.50	10.38	-.10	-1.64	3.25	53.05	.68	.14 Q	25.0	11.0	3.0	20.0	.00	.0	09-21-83	148.1	4.4	2.3	1.20	4.58
Drug Sys	DRGS	5.88	5.38	5.50	.00	.00	6.13	3.38	-.05	-.59	-2.74	-26.15	.35	-.21 F	-37.5	NC	1.2	15.7	.60	10.9	05-09-85	104.7	1.3	3.0	1.28	5.84
Eckerd, Jack	ECK	31.00	25.38	30.75	4.50	17.14	32.88	20.00	.31	5.15	8.55	17.36	2.27	-.03 N	-1.4	2.0	3.3	14.3	1.04	3.4	09-09-85	2622.5	85.4	2.0	2.52	16.47
Fay's Drug	FAY	9.50	8.88	8.88	-.50	-5.33	13.00	8.88	-.29	-.83	1.57	9.33	.62	-.06 Q	-9.5	35.0	2.4	15.6	.20	2.3	06-24-85	366.7	8.7	1.8	1.65	4.28
Genovese Drug	GDX	12.00	9.88	10.38	-1.88	-15.31	15.88	9.13	-.40	.62	4.00	-12.65	1.03	-.13 Q	-12.7	37.0	1.9	11.7	.20	1.9	06-13-85	220.3	4.1	1.7	2.06	5.73
Longs Drg Strs	LDG	27.00	24.75	25.88	-1.13	-4.17	31.13	19.63	-.43	.00	4.19	.20	1.88	.18 Q	10.3	9.0	2.9	13.5	.72	2.8	05-29-85	1375.8	40.1	2.1	.00	12.23
Medicare Glaser	MGCO	5.00	4.50	5.00	.25	5.26	7.00	3.50	.06	3.27	1.17	56.17	.05	-.47 Q	-100.0	NC	.2	NE	.00	.0	00-00-00	81.7	.2	2.2	3.58	3.52
Perry Drug	PDS	24.25	22.63	23.38	.63	2.75	24.25	16.13	.68	.00	1.42	5.74	1.26	.10 S	8.8	12.0	2.1	18.9	.28	1.2	08-16-85	370.3	7.6	1.5	2.40	10.60
Revco Drug	RDS	27.00	24.63	26.88	1.75	6.97	32.00	22.50	.33	1.86	1.00	47.14	1.06	-1.48 F	-58.3	2.0	1.6	25.4	.80	3.0	08-19-85	2395.6	38.9	2.1	1.08	12.22
Rite Aid Corp	RAD	26.38	24.00	24.25	-1.63	-6.28	33.50	22.00	-.14	-1.64	.76	32.39	1.69	.08 Q	5.3	9.0	4.8	15.2	.50	2.1	07-12-85	1445.7	69.9	1.9	2.02	8.58
Thrifty Cp	TFD	19.75	18.50	18.75	-.63	-3.23	22.88	17.13	-.33	-.09	3.30	-37.82	1.40	.24 N	18.2	15.0	2.1	12.0	.60	3.2	05-06-85	1299.3	27.9	1.5	4.46	7.72
Walgreen Co	WAG	25.75	24.63	25.38	-.25	-.98	30.25	18.75	-.04	.70	.09	-9.04	1.39	.20 N	15.0	20.0	3.1	16.6	.44	1.7	08-12-85	2744.6	85.4	1.7	.87	6.76
Wholesaler's transactions																										
Bergen Bruns	BBCA	29.88	28.75	29.38	-.25	-.84	32.38	20.13	-.21	-.08	1.04	16.34	1.57	.35 N	22.6	17.0	1.2	15.5	.32	1.1	07-26-85	1703.4	19.7	1.6	1.08	11.11
Bindley Wstn	BIND	11.00	10.13	10.75	.00	.00	15.00	9.25	-.61	-.42	4.80	-66.18	.73	.16 S	25.8	23.0	.8	13.8	.00	.0	05-01-85	566.7	4.7	1.4	.08	5.46
Cardinal Distrb	CDIC	17.75	17.00	17.13	-.63	-3.52	18.50	10.91	-.09	-.26	-7.68	16.61	1.01	.17 Q	18.9	NC	1.2	16.0	.08	.5	06-25-85	320.0	3.7	1.8	.92	5.91
Durr Fillauer	DUFM	13.75	12.88	13.25	.00	.00	15.25	9.81	-.16	-.11	4.16	-59.32	.74	.13 S	19.1	15.0	1.7	16.4	.14	1.1	07-01-85	341.7	5.8	2.3	1.21	6.05
McKesson Cp	MCK	48.88	46.38	48.50	2.13	4.58	50.00	37.00	.18	.38	-.40	-22.89	3.60	-.07 Q	-1.9	-1.0	1.3	13.2	2.40	4.9	08-27-85	4887.1	65.0	1.5	12.99	30.40
Foxmeyer Cp	FXM	25.75	24.50	24.75	-.50	-1.98	29.75	21.00	.36	.10	-.43	-36.50	1.56	.16 Q	11.3	25.0	1.3	15.8	.00	.0	00-00-00	717.1	9.0	2.8	17.31	16.51
Ketchum	KCH	18.88	17.00	17.88	-.63	-3.38	23.88	13.22	-.23	.29	-.42	-13.11	.58	-.19 F	-24.7	NC	.2	30.8	.00	.0	09-24-84	273.7	.6	1.4	8.18	7.81
Owens & Minor	OBOD	21.75	20.50	21.50	.50	2.38	24.25	12.00	-.29	.86	-1.49	39.18	1.43	.29 S	21.6	15.0	1.2	13.2	.40	1.9	06-10-85	306.7	3.6	3.0	8.02	12.81
Manufacturer's transactions																										
Abbott Labs	ABT	58.00	54.63	57.38	2.00	3.61	60.00	36.75	-.02	.84	-.02	-4.59	3.34	.49 S	15.8	17.0	13.0	16.0	1.40	2.4	07-09-85	3104.0	402.6	1.9	3.91	13.33
Am Home Prod	AHP	60.75	58.00	58.50	-1.75	-2.90	66.88	46.75	-.23	-.26	1.53	1.35	4.39	.31 S	7.3	11.0	15.1	12.9	2.90	5.0	05-07-85	4485.5	675.6	3.4	.26	13.74
Baxter Travenol	BAX	14.50	13.50	14.38	.25	1.77	16.88	11.75	-.20	.78	-4.79	-16.66	1.03	-.40 S	-28.6	5.0	8.1	14.4	.37	2.6	09-09-85	1800.4	145.1	1.6	1.46	7.83
Block Drugs Co	BLOCA	40.25	38.50	39.00	.50	1.30	40.50	25.72	.29	.15	-2.54	.00	3.48	.36 Q	11.1	11.0	10.5	10.9	1.00	2.6	08-27-85	247.8	25.9	2.4	3.28	22.47
Bolar Pharm	BLR	18.75	12.38	14.00	-4.50	-24.32	22.63	11.25	-1.65	.27	10.92	-10.13	.61	.13 S	22.8	23.0	18.2	20.0	.03	.2	08-06-85	29.1	5.3	7.5	.00	3.70
Bristol-Myers	BMY	60.13	58.25	58.75	-.75	-1.26	66.50	43.63	-.20	-.13	-.39	-19.38	3.45	.41 S	12.7	14.0	11.3	16.1	1.88	3.2	06-28-85	4189.4	472.4	2.5	.75	15.63
Carter-Wallace	CAR	36.25	33.00	36.25	2.25	6.62	46.63	22.00	-1.15	2.30	-.32	15.54	2.66	.38 Q	15.3	20.0	5.9	12.6	.60	1.7	07-26-85	348.8	20.7	2.2	1.53	23.37
Forest Labs	FRX	27.00	24.25	25.00	-1.50	-5.66	32.50	12.13	-.61	.00	-.32	-29.43	.73	.22 Q	39.3	14.0	17.4	32.1	.00	.0	01-14-83	24.1	4.2	4.5	.22	5.90
ICN Pharm	ICN	10.00	8.50	10.00	.13	1.27	12.25	7.88	-.50	3.06	2.94	-1.80	.00	-.09 S	-47.4	NC	1.6	NM	.00	.0	00-00-00	44.8	.7	3.0	2.43	4.50
Key Pharm	KPH	11.63	10.50	11.38	-.13	-1.09	16.25	8.00	-.10	1.84	-3.15	18.63	.61	-.04 S	-6.7	57.0	14.6	20.3	.20	1.8	06-10-85	151.1	22.1	3.4	2.52	1.60
Lilly Eli Co	LLY	88.00	82.50	85.75	2.75	3.31	90.38	54.88	.08	-.35	4.17	-24.55	6.73	.48 S	7.4	9.0	15.8	12.2	3.20	3.7	08-09-85	3109.2	490.2	1.7	1.63	31.04
Lee Pharm	LPH	6.25	5.63	5.75	-.25	-4.17	9.63	2.13	-.58	-1.17	-3.37	44.29	.13	.38 N	NE	NC	6.2	24.0	.00	.0	00-00-00	8.1	.5	3.0	.20	1.73
Marion Labs	MKC	35.38	32.25	34.75	.00	.00	39.75	18.00	-.12	.69	.00	-2.41	.94	.32 F	51.6	34.0	12.2	37.0	.28	.8	09-16-85	295.7	36.2	2.4	.02	3.52
Merck & Co	MRK	117.75	112.00	115.25	3.50	3.13	117.75	79.75	.14	-.06	.35	-9.57	6.71	.63 S	9.9	5.0	13.8	16.5	3.20	2.8	08-30-85	3559.7	493.0	2.0	2.48	35.29
Morton Thiokol	MTI	35.38	33.00	33.50	-1.13	-3.25	38.00	25.25	-.18	-.46	.95	-3.55	4.01	1.85 F	85.6	29.0	10.8	8.4	.64	1.9	05-24-85	1832.3	197.9	1.5	2.94	12.50
Mylan Labs	MYLN	18.75	14.75	17.50	-2.25	-11.39	26.00	10.38	-1.38	-.19	3.40	-41.44	.52	.28 Q	100.0	58.0	23.3	31.3	.05	.3	02-19-85	53.6	12.5	5.9	.09	1.22
Newport Pharm	NWPH	11.50	10.75	11.25	.38	3.45	12.00	3.25	.40	-.08	-1.59	-12.45	.05	.26 F	NE	NC	6.7	NM	.80	7.1	05-23-85	9.0	.6	3.2	.21	.96
Pfizer Inc	PFE	49.75	46.75	47.13	-1.63	-3.33	53.75	33.88	-.13	-.96	1.18	-22.26	3.08	.39 S	13.5	15.0	13.2	14.4	1.48	3.1	07-26-85	3854.5	507.9	2.3	2.10	15.45
Reid Prov Labs	REID	5.00	4.25	4.50	-.50	-10.00	6.63	2.88	-1.12	-.07	1.85	-22.75	.13	-.07 N	-35.0	32.0	6.7	34.6	.04	.9	12-10-84	13.4	.9	3.1	.02	.92
Robins, AH	RAH	11.88	5.50	8.13	-2.88	-26.14	24.38	5.50	-2.51	-5.57	.39	1.69	-18.44	-20.13 S	-100.0	NC	-73.0	NE	.00	.0	11-19-84	631.9	-461.6	1.7	.47	-5.23
Rorer Group	ROR	39.50	33.13	38.88	4.88	14.34	39.50	24.00	.12	4.00	6.04	63.86	2.08	-.03 S	-1.4	5.0	8.5	18.7	1.12	2.9	08-05-85	522.1	44.3	1.9	2.18	11.07
Scherer RP Co	SCHC	13.00	12.13	13.00	.38	2.97	13.25	8.63	.25	1.00	-2.25	61.23	-.43	-.96 Q	-100.0	NC	-2.0	NE	.32	2.5	09-11-85	167.4	-3.4	1.9	4.83	11.14
Searle, GD	SRL	65.00	64.75	64.75	-.13	-.19	65.50	46.50	.30	.12	-10.85	18.13	3.24	.09 S	2.6	13.0	13.0	17.9	1.00	1.5	08-02-85	1245.8	161.6	2.1	3.46	17.37
Squibb Corp	SQB	70.13	67.75	68.00	-2.00	-2.86	72.88	45.00	.03	-.24	-2.56	-34.42	3.68	.39 S	11.2	18.0	10.5	17.6	1.76	2.6	08-12-85	1886.0	197.2	2.3	3.74	24.87
Sterling Drug	STY	30.63	29.50	30.38	-.13	-.41	34.25	24.88	-.13	.49	-.06	-11.33	2.37	.14 S	6.1	4.0	7.8	12.4	1.20	4.0	08-08-85	1827.3	143.4	2.6	1.32	15.34
Syntex Corp	SYN	60.13	57.75	59.50	-.13	-.21	65.63	41.88	-.22	.17	1.48	-9.28	4.08	-.27 N	-6.2	15.0	14.7	14.4	1.92	3.2	05-13-85	916.5	134.6	2.1	5.36	18.81
Thompson Med	TM	15.63	15.38	15.38	-.13	-.81	23.75	13.25	.03	-.10	-2.89	-29.16	2.20	-.67 S	-30.7	22.0	10.8	10.2	.40	2.6	06-25-85	197.2	21.2	4.3	.00	7.09
Upjohn Co	UPJ	114.88	103.50	106.00	-7.88	-6.92	122.50	52.25	-.17	-.94	-1.14	-1.38	5.67	-.61 S	-10.1	.0	8.0	19.6	2.56	2.4	04-01-85	2179.1	173.3	1.7	12.47	37.00
Warner-Lambrt	WLA	39.38	37.13	37.75	.38	1.00	46.50	30.50	-.48	-.47	-1.93	3.25	2.81	.28 S	10.4	6.0	7.1	12.7	1.48	3.9	08-05-85	3166.7	223.9	1.7	6.47	18.18
Zenith Labs	ZENI	25.50	19.25	21.75	-4.25	-16.35	29.50	5.25	-.76	.45	2.20	-52.75	.28	.44 S	244.4	85.0	7.7	35.1	.00	.0	06-19-85	37.5	2.9	2.6	.27	1.99

All data is based on sources believed to be reliable, but its accuracy is not guaranteed. Every effort will be made to correct errors, when discovered, in future issues.

Footnotes:

NA - Not Applicable
NC - Not Calculable
NE - Negative Earnings
NM - No Meaningful Figure
Q - First Quarter
S - First 6 Months
N - First 9 Months
F - Fiscal Year

Data and Table Prepared by Media General Financial Services, Inc., Richmond, Virginia 23219

MERCHANDISER

Combo operators accelerate growth plans

Leading combo operators

Company	Headquarters	# of stores '84	# of stores '85	# of stores '86	Avg. Sq. Ft. '84	Avg. Sq. Ft. '85	Avg. Sq. Ft. '86
The Kroger Co.	Cincinnati	425	443	N/A	46,500	46,500	N/A
Kroger		301	313	N/A	—	—	—
Dillon		124	130	N/A	—	—	—
Safeway Stores	Oakland, Calif.	360	390	440	N/A	N/A	N/A
American Stores	Salt Lake City	240	249	N/A	N/A	N/A	N/A
Buttrey-Osco		—	3	N/A	—	—	—
Buttrey		—	42	N/A	—	—	—
Jewel-Osco		—	108	N/A	—	—	—
Skaggs/Alpha Beta		—	96	N/A	—	—	—
Supermarkets General (Pathmark)	Woodbridge, N.J.	119	124	N/A	31,000	38,000	N/A
Albertson's	Boise, Idaho	82•	94	106	50,000•	54,000	59,000
Giant Foods Inc.	Landover, Md.	74	75	98 ('86-'88)	52,700	52,700	55,300
Smith's Management	Salt Lake City	48	57	70	44,000	44,000	44,000
H. E. Butt	Corpus Christi, Tex.	49	54	60	45,000	45,000	48,000
Raley's	Sacramento	40	41	44	60,000	60,000	60,000
Farm Fresh	Norfolk, Va.	23	34	41	50,000	50,000	50,000
Von's Grocery Co. (Value Centers)	El Monte	N/A	32	N/A	N/A	36,000-40,000	N/A
Wegman's	Rochester	26	28	29	N/A	60,000-90,000	82,000
Cullum Companies (Tom Thumb Page)	Dallas	26	27	34	—	30,000-55,000	45,000-50,000
Grand Union	Elmwood Park, N.J.	23	25	25	N/A	N/A	N/A
Smitty's Super Valu	Phoenix	20	22	24	—	130,000-150,000	—
A&P (Family Mart)	Clearwater, Fla.	20	23	27	—	55,000	—
Furr's	Lubbock, Tex.	14	20	25	45,000	45,000	45,000-55,000
Dahl's Food Markets	Des Moines	12	12	13	—	35,000-60,000	60,000
Stop & Shop	North Quincy, Mass.	8	11	11	—	45,000-60,000	—
Bruno's	Birmingham	1	9	9	—	50,000-60,000	—
Giant Open Air	Norfolk, Va.	5	5	6	—	46,000	—
Dierberg Markets	Chesterfield, Mo.	3	5	5	—	77,000	—
Randall Stores	Mitchell, S.D.	3	3	4	60,000	60,000	45,000

Source: *Drug Store News survey*

Synergism may be one of the most overworked buzzwords of the 80's. But it seems as if it were invented to describe combos:

Huge food and drug stores, the food pulling enormous traffic and the drug/gm portion boosting narrow food margins. One and one make three. What could be better?

Not much, in the estimation of the nation's biggest food retailers, who have invested heavily in the development and expansion of these one-stop shopping behemoths.

Consider the following:

—American Stores, whose chairman, Sam Skaggs, has long been the leading exponent of the format, plans to open 36 in fiscal 1986. Analysts say that fully 30% of American's capital expenditures will be sunk into their development. With the acquisition of Jewel Companies, American now operates some 250 combination stores.

—The Kroger Co. expects to have more than 500 combos in operation by the end of 1987. The number may be misleading, however, since Sam Skaggs would undoubtedly call many of Kroger's combos "superstores' with pharmacies. Whatever the definition, Kroger says that combos by 1987 will make up 45% of its food stores but will deliver 65% of food store sales.

—Albertson's, which operates combos in some of the most attractive Sunbelt markets, has scheduled 30 to 32 new stores for 1985, one-third of them in the 47,000-67,000-sq.-ft. combo range. The company has looked at other types of retail ventures, including drug stores, but vice chairman Gary Michaels says the Boise, Idaho-based retailer is "going to stay in the food and drug combo business. We like the stores we're building."

—Giant Food, the Landover, Md., based food/drug retailer, has 23 food and drug combos set to open within the next three years. The additions will boost total store space by 25% or more than 1.1 million sq. ft.

These represent just a handful of the companies that are committing themselves to expanding what Bill Bishop, a leading supermarket consultant, calls "one of the two primary vehicles for selling grocery and drug products in urban areas." The other vehicle, of course, is the warehouse-style store.

Bishop says there are "a lot of reasons" why combos have proven so attractive, "but probably the most important is that these stores can be price competitive on a lot of items and still return a reasonable profit because of the mix."

Another important reason, Bishop says, is that the combo stores are the most resistant to attacks from deep-discount stores.

Beyond all the talk of variety and selection, of one-stop shopping and of food/nonfood synergism is the sheer beauty of these stores. They are seductive. Customers find them fun to shop. There are cosmetics departments that can compete with department stores for attractiveness and chic; colorful produce and floral departments that act as powerful magnets to the eye, and a variety of boutique-style specialty departments including delis and cheese islands and even lobster pounds.

The one key element that boosts the combo above the ordinary supermarket is the pharmacy department. It is the one essential ingredient in all of the definitions.

In a recent study, the Food Marketing Institute found that the median size of a supermarket with pharmacy was 45,000 sq. ft., compared to the average supermarket without pharmacy, which measures 28,000 sq. ft.

According to the study, the typical supermarket pharmacy accounts for 1% of total square footage and generates 1.2% of sales. That additional two-tenths of a percentage point may not seem like much, but prescription drug volume is just one part of the story.

The real strength of the pharmacy is as a powerful accelerator of health & beauty aids sales. Peter A. Magowan, chairman of Safeway, has said, in fact, that the addition of pharmacy can increase a supermarket's H&BA sales by as much as four times.

Kroger is a prime example of a company that has accentuated the importance of pharmacy within its food stores. The Cincinnati-based chain recently reported that the business generated by the 300 pharmacies within the Kroger Food Store Group is growing at the rate of 34% a year vs. the national average of 9% for all of pharmacy. Even on a same-store basis, pharmacy sales are up 30% over the previous year.

Pharmacy has also helped over-the-counter drug sales, which have risen 16%. In other nonfoods areas, Kroger reported that cosmetic/fragrance sales are growing at a 40% + pace per year; greeting card sales are running more than 30% ahead of last year; book store business is up 49% over last year.

Kroger is also actively pursuing new high-growth general merchandising areas.

Overall, Kroger reported that its drug/general merchandise and pharmacy business in the first quarter ran 20.1% ahead of last year's comparable period.

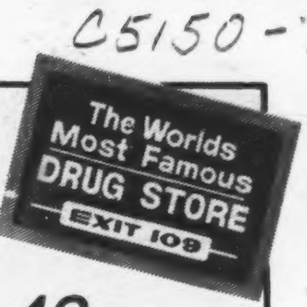
Said Wayne Harris, Kroger's vp of grocery and nonfood merchandising: "When you consider that on a national basis, U.S. food store sales were up only 3.6%, you can readily see why we are building this important part of our business."

C5150-Z

Merchandiser:
Winter sports spark sunglass sales—p. 25

Pharmacy:
'Generic Valium' price to drop 25%—p. 29

Special report:
Stopping by Wall's biggest attraction—p. 42



DRUG STORE NEWS®

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'We feel that the kinds of stores and the communities they are located in fit the kind of chain we now operate.
Douglas Stark
president, Thrifty Drug

Thrifty's White buy to triple sales

ST. LOUIS PARK, Minn. — Thrifty Drug Company, which owns 22 franchised Snyder drug stores in Minnesota, has signed an agreement to buy White Drug Enterprises from Drug Systems Inc.

The transaction, for an undisclosed amount of cash, will be finalized by mid-October and will more than triple Thrifty's annual sales. In 1984, Thrifty had sales of $23 million while White registered sales of $58 million.

According to Douglas Stark, president of Thrifty, negotiations for the chain had been "taking place for a number of months, and were temporarily ended last month, but were resumed when several negotiating points were cleared up." He would not disclose what those points were.

The sale includes 19 White Drug Stores, five prescription clinics, 12 White Mart mass-merchandise marts, a home center and a convalescent aids center. Thirteen of the stores are in Minnesota, 15 in North Dakota, and the rest in Iowa, South Dakota and Montana.

"We feel that the kinds of stores and the communities they are located in fit the kind of chain we now operate." said Stark.

Stark said the stores will retain the White Drug or White Mart name, and will be operated as a wholly owned subsidiary.

Henry Beinert, who was president of the White stores from 1968 through 1979, acted as a consultant to Stark during the negotiations, and has once again been named president of the chain.

Edwards directs Revco turnaround

By Marjorie Shaffer

TWINSBURG, Ohio — After nearly four months as Revco D.S.'s president and coo, Bill Edwards, 44, appears ready to place his own stamp on the nation's largest drug chain.

Edwards succeeded Sidney Dworkin, chairman and ceo, as president last June. Dworkin had been holding down three jobs, chairman, ceo and president, since February 1983, when Revco's chairman, Lee C. Howley, died.

Edwards directed the dramatic growth of the F&M deep-discount chain from three units in 1978 to 20 today. He is widely considered a dynamic and sharp retailer with particular expertise in merchandising and purchasing, and it is in those areas where he is expected to have the greatest impact at Revco. The changes he will make are not expected to be radical.

"Revco's top management is stable, but it needs a little fine tuning," said Bob Roth, an analyst who follows the chain at Merrill Lynch. "The key management team could use help in purchasing and merchandising," he added.

Edwards is also said to have revived morale at Revco; which, during the last year, has been struggling with lackluster sales, fierce competition in established markets and a number of internal problems.

Despite a sales increase of 7.5% for the year, net earnings plunged 58% to $39 million and earnings per share plummeted 58% to $1.06. Revco's beleagured Odd Lot division alone cost shareholders

Continued on page 41

TE NEWS....LATE NEWS....LATE NE

A coalition of pharmacy, drug industry and professional groups filed a joint suit in federal court challenging the Reagan Administration's imminent plan to bar state Medicaid programs from reimbursing pharmacies based on Average Wholesale Prices. Participants in the 11th-hour suit to block the scheduled Oct. 1, AWP ban include NACDS, NARD, APhA, NWDA, PMA, ASHP and ASCP.

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See page 21

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Genovese names Allied executive new president

MELVILLE, N.Y. — With an aggressive expansion plan in the works, Genovese Drug Stores has turned to the outside to fill the key No. 2 role in the company's management structure.

Chairman Leonard Genovese announced that Patrick Edwards, a senior executive at Allied Stores, would become president and chief operating officer of the 72-store chain.

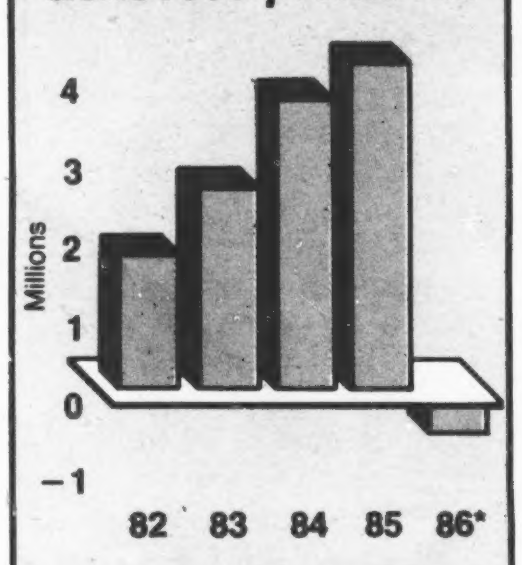
Genovese himself had held the president's title since 1974, when his father and founder of the 61-year-old chain, Joseph Genovese Sr., became chairman emeritus, and his late brother, Joe Jr., moved up to chairman.

Genovese said the addition of Edwards would "strengthen our management strategies for maintaining leadership in quality and value.

"Pat Edwards will bring to Genovese a high level of innovation and sophistication for his many years at Allied Stores," Genovese said.

Edwards, a 20-year Allied Stores veteran, was senior vp of administration and operations when he was selected for the Genovese post. He is also an attorney and a graduate of the Columbia University law school.

Genovese profits fall



*28 weeks, excluding $2.4 million gain on sale of 9 stores

Don Gross, vp of marketing and distribution, said the company has "a lot of irons in the fire" and had been considering for some time the appointment of a president to relieve Genovese of part of his management burden.

The appointment also comes at a time when Genovese, like a number of other chains, has been feeling strong competitive heat for limited consumer dollars.

In the 12-week quarter ended Aug. 16, a period Gross described as "a disaster," Genovese reported net income of $1.7 million, or 41¢ a share,

Continued on page 41

Higher profits expected in second half of 1985

NEW YORK — Many drug chains have been flying through what might be described as an economic wind shear, but Wall Street experts predict that the ride will level off in the second half of the year.

With some notable exceptions, after-tax profits have been down or flat, even those of some formerly high-flying companies like Rite Aid and Longs.

Analysts say the reasons for the falloff vary, but there are some overriding factors, among them the sluggish economy, the easing of inflation and the heavy competition for limited consumer dollars.

"The biggest factor is a real slowdown in general merchandise sales across all segments of the retail industry," said Robert Roth, retail analyst for Merrill Lynch.

Roth said he expects the drug chains' performance to be "moderately better" in the second half, with an improved Christmas season.

Elaine M. Garzarelli, sector strategist for Shearson Lehman Brothers, agreed. "We expect profits for the drug chains to be up 11%-12%. That's not fantastic, but certainly better than the 2% we're predicting for the S&P [Standard & Poor's 500 listing]."

Continued on page 41

NEWS IN BRIEF

Kroger shutters 23 Ohio stores

CLEVELAND — Kroger Co. closed all 23 of its northeastern Ohio stores, including four Barney Food & Drug Warehouse outlets ranging from 55,000 sq. ft. to 72,000 sq. ft., and two Kroger super stores with pharmacies. Kroger plans to sell the stores.

All of the stores' pharmacies, however, have remained open, said Jim McIntire, a company spokesman, to allow customers to continue to get their prescriptions filled.

McIntire said that stores had to be closed due to "unsatisfactory return on assets coupled with excessive demands by labor negotiators on a new contract."

The union representing Kroger workers denied that the stores were unprofitable.

Perry sells bonds

PONTIAC, Mich. — Perry Drug Stores Inc. has recently completed the sale of $50 million of convertible debenture bonds, priced at par to yield 8.5%. They are due on Sept. 15, 2010, and are convertible at a rate of $18.125 of debentures for each common share.

Proceeds from the sale will be used to reduce short-term debt, and for general, unnamed, purposes.

Stop & Shop suffers $1.2M loss 2nd qtr.

BOSTON — The Stop & Shop Companies, the food, drug and department store operator, reported a "very disappointing" second quarter. Based partly on "sluggish sales and heavy clearance markdowns" in its Bradlees department stores, Stop & Shop experienced a loss of $1.2 million in the quarter compared to last year's profit of $9.7 million. Sales for the 12 weeks ended Aug. 17 were up 9% to $776 million.

While the 65-store Medi Mart drug store chain was profitable, the company said, earnings were still below those of last year's second quarter.

For the 28 weeks, Stop & Shop's earnings fell to $5.7 million from $16.1 million, while sales rose to $1.75 billion from $1.58 billion.

Parker appointed Lucky div. pres.

DUBLIN, Calif. — Samuel J. Parker, former president of Sav-On Drug, will join Lucky Stores Sept. 30 as president of the company's automotive division.

Parker, 42, served as president of the California drug chain from 1981 through February 1985. He left Sav-On, a subsidiary of Jewel Companies, following Jewel's acquisition by American Stores.

Lucky automotive division operates 378 Kragen and Checker auto parts stores in 12 states in the West and Southwest.

Humiston-Keeling buys Response

CHICAGO — Humiston-Keeling, the Chicago-based drug wholesaler, has acquired Response Systems Inc., a provider of computer network services for wholesale drug companies.

Response, which is based in Elm Grove, Wis., serves eight warehouses with a full range of warehouse and customer programs.

Humiston-Keeling will add its own four warehouses to Response's network.

INDEX

Classified 41
Editorial 4
Financial 6
Merchandiser 25
Pharmacy 29
Product Update 38

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Vol. 7, No. 21 September 30, 1985

Gray launches deep discount unit

CANTON, Ohio — Gray Drug Fair has taken the plunge into deep discounting, with its first unit scheduled for an early October opening.

The 20,000-sq.-ft. store (15,000 selling) is called Price King. It anchors one end of the Hillsdale Shopping Center, a 15-store strip center located in an affluent suburb of this industrial city of 95,000.

According to sources, Gray's management expects the store to do $6 million-$10 million in its first year.

Heading up Gray's effort is Joel Arnold, former senior vp of operations for the Cleveland-based Gray Drug Fair. Buying duties for the new venture have been given to Joe Cuccarase, formerly with Phar-Mor, a Columbus, Ohio-based deep discount chain.

Although Price King will be the only deep-discount store in its market area, it will be competing with some powerful traditional chain drug store competition.

At least 15 Peoples Drug Stores, two of them less than a mile away, and a discount/grocery store with a pharmacy department located at the far end of the same shopping center, will be competing with Price King to protect their established turfs.

Acme Click, a 100,000-sq.-ft. discount/grocery store with a pharmacy department is the shopping center's current drawing card.

According to one local chain pharmacist, Gray "had better hope that Price King does well with front end merchandise, because there are certainly enough independents and chains around for people to get their prescriptions."

The pharmacist approximated Click's pharmacy business at around 40 prescriptions a day, while he said his store did approximately 150.

Price King occupies what was once Carm's Food, a local food chain that left the center when its lease expired.

A source at J&D Properties, the center's developer, said the developer hopes that renovation of approximately 10 stores adjacent to the newly renovated Gray store will help spur sales.

Price King will serve a five-mile radius with an estimated population of 180,000. Average household income within a one-mile radius of the store is over $40,000.

FDA lifts Rx consumer ad ban

WASHINGTON — The Food and Drug Administration abruptly withdrew its two-year-old "moratorium" on direct-to-consumer advertising of prescription drugs—a move likely to encourage some brand-name pharmaceutical manufacturers and drug chains to resume earlier efforts to promote Rx medicines to the public.

But at the same time, federal drug regulators bowed to pressure from physicians, pharmacists, consumer activists and other critics of direct-to-consumer Rx ads by refusing to relax existing FDA rules requiring advertisers of prescription drugs to inform consumers about the "risks" as well as the benefits of their products.

The ad moratorium was imposed in 1983 by former FDA Commissioner Arthur Hull Hayes in response to predictions that pharmaceutical manufacturers are "on the brink of the exponential growth phase of the direct-to-the-consumer promotion of prescription products."

Although the advertising of Rx drugs to the public has never been prohibited by federal law, an informal "gentlemen's agreement" among pharmaceutical manufacturers coupled with FDA requirements for risk disclosures effectively short-circuited such direct-to-consumer promotions for years.

During the early 1980's, however, several manufacturers launched limited consumer Rx ad campaigns, others informed FDA officials of plans to follow suit, and drug chain ads for prescription herpes salves began appearing in daily newspapers.

Hayes—who initially characterized such consumer Rx advertising as a major new "opportunity" for the pharmaceutical industry but later adopted a neutral stand on the issue—called for the voluntary moritorium to allow time for research and "dialogue" on the subject of consumer Rx promotions.

Although the research conducted since then suggested that many consumers would be in favor of direct advertising of prescription products, the "dialogue" received by FDA from consumer organizations, pharmacy leaders, physicians and many drug manufacturers was sharply critical of such promotional activity.

In a terse announcement aborting the moratorium earlier this month, FDA Commissioner Frank Young said that "for the time being, current regulations governing prescription drug advertising provide sufficient safeguards to protect consumers."

In effect, Young's decision means no change in the agency's previous policy of permitting Rx advertising to consumers, but requiring such ads to include "a brief summary of all necessary information related to side effects and contraindications."

In practical terms, Young's action means that print ads for Rx products in consumer publications will be expected to carry the same "medical journal" litany of warnings, cautionary statements, contraindications and side effect information that is required for prescription drug advertisements in professional and trade publications.

Although such disclosure requirements are likely to discourage many phramaceutical manufacturers and drug chains from promoting Rx products directly to the public, some consumer advertising of prescription medications is likely to resurface as a result of the moratorium withdrawal.

> **"Current regulations governing prescription drug advertising provide sufficient safeguards to protect consumers."**
>
> **Frank Young**
> FDA Commissioner

Med-Glaser revitalizes core mix to boost sales

ST. LOUIS — Medicare-Glaser, coming off a soft year in which earnings were down and sales were relatively flat, is in the midst of a major remerchandising campaign.

The $82 million a year company is adding more high-profit departments to its core mix in smaller neighborhood stores as well as relaying out those stores to maximize every available cube of space.

"We've added a row of lights to the stores to brighten them," says president Harlan Steinbaum, "and we're making the gondolas higher. We don't have the room to spread out, so we're using the air rights and going higher in the stores."

Fred Barney, Medicare's coo of full line drug stores, also says that the company is "only putting merchandise in the stores that people need."

Categories that are either being added or expanded include foot care, first aid, greeting cards, stationery, home office supplies, hair color, trial- and travel-size health & beauty aid products, light bulbs and nail care.

In the first neighborhood store which was redone in June, sales are up about 12%.

Medicare plans to do two more small stores this year, then where applicable will continue the program next year.

The company has approximately 48 smaller stores ranging in size from 800 to 4,000 sq. ft. The average smaller store is about 2,000 sq. ft. and, until recently, did 80% to 85% of its business in prescriptions.

FINANCIAL

Fay's reports lower 2nd quarter net income

LIVERPOOL, N.Y. — Competition combined with an aggressive expansion program to lower net income at Fay's Drug Company during the second quarter ended July 31.

The company reported that net earnings for the quarter declined to $417,000, or 3¢ a share, from $2.2 million, or 16¢ a share, in the comparable period last year.

Sales for the quarter increased 30% to $105.6 million from $87.4 million a year ago.

For the six months, net earnings were also down, to $1.1 million, or 8¢ a share, from $3.6 million, or 26¢ a share, last year.

Revenues for the first half were up 18.5% to $201.4 million from $170 million in 1984.

Henry A. Panasci Jr., chairman, said the profit falloff was the result of "a competitive retail environment resulting in a weakness in gross margins, additional expenses to support the 33 new retail stores and added financing costs associated with our aggressive expansion efforts."

Panasci said the company did not expect gross margins to rebound to "historical levels" in the third quarter, but was "confident that margins will improve for the important Christmas selling period."

A bright spot for the company was the "continuing strength" of its pharmacy departments, according to the chairman, who said prescription drug sales increased 38%.

Since the beginning of the year, Fay's has opened or acquired 10 drug stores—including eight from Genovese—two Paper Cutter Stores and four Wheels auto parts outlets. The chain now operates 132 drug stores, five Wheels stores and three Paper Cutter stores. Fifteen additional stores are planned for the second half of the fiscal year.

Drug Systems earnings up 31%

MILWAUKEE — Drug Systems, owner of the White Drug Enterprises chain and the Wil-Car H&BA stores, announced that net earnings rose 31% in the 16 weeks ended July 20 to $414,000, or 11¢ a share, from $315,000, or 8¢ a share last year.

Revenues for the period increased slightly to $31.6 million from $31.1 million.

Drug Systems recently purchased Pill & Puff, the Milwaukee-based chain of H&BA stores, but its results were not included in the first-quarter statement.

		STOCK PRICE							TREND TO MARKET				EARNINGS/SHARE					P/E	DIVIDENDS			FINANCIAL POSITION				
		From 08/23/85 - 09/09/85							Price Trend (% per day)		Volume Trend (% per day)			Latest 12 Months vs Preceding 12 Months Change					Indicated Dvd. rate			Last Fiscal Year			Last Fiscal Year (Per Share)	
					Change		52-Week																			
Name	Symbol	High	Low	Close	Amt	Pct	High	Low	Last 30 Days	Last 5 Days	Last 30 Days	Last 5 Days	Last Fiscal Year	Amt.	Pct	5-Year Annual Growth Rate	Profit Margin	Latest P/E Ratio	Amt.	Yield	Last X-Dvd. Date	Revenue	Earnings	Current Ratio	Long Term Debt	Common Stock Equity
-	-	$	$	$	$	%	$	$	%	%	%	%	$	$	%	%	%	-	$	%	-	$ Mil	$ Mil	-	$	$
Chain Store transactions																										
Am Stores	ASC	58.25	55.75	57.00	-.75	-1.30	67.50	35.38	-.30	-.22	2.21	17.20	5.71	1.86 Q	49.7	34.0	1.5	10.2	.64	1.1	06-17-85	12118.8	185.5	1.2	37.93	21.40
Begley Co	BGLY	16.50	15.50	15.50	.00	.00	17.63	15.00	-.12	-.04	.09	16.67	1.26	-.07 Q	-5.0	3.0	1.1	11.7	.72	4.6	04-15-85	66.1	.7	1.7	13.77	18.84
Big B	BIGB	14.63	13.75	14.38	.38	2.68	19.50	10.63	-.35	.41	3.66	16.27	.68	.12 S	20.3	15.0	3.0	20.2	.00	.0	09-21-83	148.1	4.4	2.3	1.20	4.58
Drug Sys	DRGS	5.50	4.75	4.75	-.75	-13.64	6.13	3.38	-.66	-1.34	-.99	56.60	.35	-.12 Q	-24.0	NC	1.2	12.5	.60	12.6	05-09-85	104.7	1.3	3.0	1.28	5.84
Eckerd, Jack	ECK	31.00	29.25	29.50	-1.13	-3.67	32.88	20.00	.72	-.66	5.99	11.10	2.27	-.03 N	-1.4	2.0	3.3	13.7	1.04	3.5	09-09-85	2622.5	85.4	2.0	2.52	16.47
Fay's Drug	FAY	9.25	8.75	9.13	.13	1.39	13.00	8.75	-.16	-.10	-.28	2.92	.62	-.06 Q	-9.5	35.0	2.4	16.0	.20	2.2	06-24-85	366.7	8.7	1.8	1.65	4.28
Genovese Drug	GDX	11.75	9.75	9.88	-.25	-2.47	15.88	9.13	-.73	-3.01	4.91	-.87	1.03	-.13 Q	-12.7	37.0	1.9	11.1	.20	2.0	06-13-85	220.3	4.1	1.7	2.06	5.73
Longs Drg Strs	LDG	27.50	25.50	27.13	1.50	5.85	31.13	20.56	-.20	-.25	1.02	-14.86	1.88	.14 S	7.8	9.0	2.9	14.1	.72	2.7	08-27-85	1375.8	40.1	2.1	.00	12.23
Medicare Glaser	MGCO	5.00	4.50	4.50	-.50	-10.00	7.00	3.50	-.06	-.07	.43	-69.64	.05	-.47 Q	-100.0	NC	.2	NE	.00	.0	00-00-00	81.7	.2	2.2	3.58	3.52
Perry Drug	PDS	24.00	22.50	23.25	-.38	-1.59	24.25	16.13	.37	-.24	-2.18	9.10	1.26	-.23 N	-18.7	10.0	2.1	23.3	.28	1.2	08-16-85	370.3	7.6	1.5	2.40	10.60
Revco Drug	RDS	27.25	25.50	26.00	.25	.97	31.50	22.50	.22	-.23	2.25	-9.14	1.06	-1.48 F	-58.3	2.0	1.6	24.5	.80	3.1	08-19-85	2395.6	38.9	2.1	1.08	12.22
Rite Aid Corp	RAD	25.00	23.75	24.00	-.88	-3.52	33.50	22.00	-.26	-.77	3.50	.08	1.69	.08 Q	5.3	9.0	4.8	15.0	.50	2.1	07-12-85	1445.7	69.9	1.9	2.02	8.58
Thrifty Cp	TFD	19.25	18.50	19.13	.00	.00	22.88	17.50	-.30	.43	.47	11.68	1.40	.24 N	18.2	15.0	2.1	12.3	.60	3.1	05-06-85	1299.3	27.9	1.5	4.46	7.72
Walgreen Co	WAG	25.88	24.75	25.00	-.25	-.99	30.25	18.75	.09	-.38	-1.95	20.69	1.39	.20 N	15.0	20.0	3.1	16.3	.44	1.8	08-12-85	2744.6	85.4	1.7	.87	6.76
Wholesaler's transactions																										
Bergen Bruns	BBCA	31.25	29.25	30.88	1.13	3.78	32.38	20.13	.08	-.01	.26	31.81	1.57	.35 N	22.6	17.0	1.2	16.3	.32	1.0	07-26-85	1703.4	19.7	1.6	1.08	11.11
Bindley Wstn	BIND	10.75	10.50	10.50	-.25	-2.33	15.00	9.25	-.12	-.03	-4.10	-30.69	.73	.16 S	25.8	23.0	.8	13.5	.00	.0	05-01-85	566.7	4.7	1.4	.08	5.46
Cardinal Distrb	CDIC	17.25	16.88	16.88	-.13	-.74	18.50	10.91	-.20	-.44	-1.44	14.38	1.01	.17 Q	18.9	NC	1.2	15.8	.08	.5	06-25-85	320.0	3.7	1.8	.92	5.91
Durr Fillauer	DUFM	13.63	12.88	13.38	-.25	-1.83	15.25	9.81	.05	.12	1.35	-19.27	.74	.13 S	19.1	15.0	1.7	16.5	.14	1.0	07-01-85	341.7	5.8	2.3	1.21	6.05
McKesson Cp	MCK	49.75	48.00	48.50	.50	1.04	50.00	37.00	.23	-.07	-3.31	32.27	3.60	-.07 Q	-1.9	-1.0	1.3	13.2	2.40	4.9	08-27-85	4887.1	65.0	1.5	12.99	30.40
Foxmeyer Cp	FXM	25.38	23.75	25.38	.75	3.05	29.75	21.00	-.08	1.05	1.75	.88	1.56	.16 Q	11.3	25.0	1.3	16.2	.00	.0	00-00-00	717.1	9.0	2.8	17.31	16.51
Ketchum	KCH	19.00	17.38	18.25	.25	1.39	23.88	14.00	-.11	.24	3.09	22.92	.58	-.19 F	-24.7	NC	.2	31.5	.00	.0	09-24-84	273.7	.6	1.4	8.18	7.81
Owens & Minor	OBOD	16.00	14.00	15.75	1.56	11.01	16.19	8.00	.14	-.20	1.78	-21.73	.95	.20 S	22.5	15.0	1.2	14.4	.28	1.8	09-10-85	306.7	3.6	3.0	5.35	8.54
Manufacturer's transactions																										
Abbott Labs	ABT	58.75	56.13	57.38	.25	.44	60.00	36.75	.24	-.17	-1.46	-6.10	3.34	.49 S	15.8	17.0	13.0	16.0	1.40	2.4	07-09-85	3104.0	402.6	1.9	3.91	13.33
Am Home Prod	AHP	58.75	57.88	58.38	.13	.21	66.88	46.75	-.11	-.08	-1.68	-12.74	4.39	.31 S	7.3	11.0	15.1	12.9	2.90	5.0	05-07-85	4485.5	675.6	3.4	.26	13.74
Baxter Travenol	BAX	14.88	14.00	14.50	.13	.87	16.88	11.75	.02	-.39	.28	-18.14	.21	-1.22 S	-87.1	-23.0	1.6	80.6	.37	2.6	09-09-85	1800.4	29.0	1.6	1.46	7.83
Block Drugs Co	BLOCA	39.50	39.00	39.50	.50	1.28	40.50	26.22	.16	.24	-8.38	.00	3.48	.36 Q	11.1	11.0	10.5	11.0	1.00	2.5	08-27-85	247.8	25.9	2.4	3.28	22.47
Bolar Pharm	BLR	17.50	13.25	13.75	.63	4.76	22.63	11.25	-1.38	-3.49	3.40	4.50	.61	.13 S	22.8	23.0	18.2	19.6	.03	.2	08-06-85	29.1	5.3	7.5	.00	3.70
Bristol-Myers	BMY	59.88	58.25	58.63	.13	.21	66.50	43.63	-.02	-.21	-3.56	2.75	3.45	.41 S	12.7	14.0	11.3	16.1	1.88	3.2	06-28-85	4189.4	472.4	2.5	.75	15.63
Carter-Wallace	CAR	37.00	34.88	35.25	-.13	-.35	46.63	22.00	-.26	-1.02	-9.16	20.32	2.66	.38 Q	15.3	20.0	5.9	12.3	.60	1.7	07-26-85	348.8	20.7	2.2	1.53	23.37
Forest Labs	FRX	26.00	24.25	25.00	.13	.50	32.50	12.13	-.20	.40	-1.91	3.09	.73	.22 Q	39.3	14.0	17.4	32.1	.00	.0	01-14-83	24.1	4.2	4.5	.22	5.90
ICN Pharm	ICN	10.13	8.88	9.38	-.63	-6.25	12.25	8.25	-.18	-1.10	-1.33	-3.92	.00	-.09 S	-47.4	NC	1.6	93.8	.00	.0	00-00-00	44.8	.7	3.0	2.43	4.50
Key Pharm	KPH	11.50	10.88	11.00	-.63	-5.38	15.88	8.00	-.18	-.03	-2.80	.23	.61	-.04 S	-6.7	57.0	14.6	19.6	.20	1.8	06-10-85	151.1	22.1	3.4	2.52	1.60
Lilly Eli Co	LLY	87.38	85.50	86.50	.13	.14	90.38	54.88	.19	-.16	-2.94	-11.04	6.73	.48 S	7.4	9.0	15.8	12.3	3.20	3.7	08-09-85	3109.2	490.2	1.7	1.63	31.04
Lee Pharm	LPH	6.25	5.63	6.13	.38	6.52	9.63	2.13	-.44	.84	-1.81	40.54	.13	.38 N	NE	NC	6.2	25.5	.00	.0	00-00-00	8.1	.5	3.0	.20	1.73
Marion Labs	MKC	36.25	34.13	35.13	.00	.00	39.75	18.00	-.08	-.04	-1.55	-19.56	.94	.32 F	51.6	34.0	12.2	37.4	.28	.8	09-16-85	295.7	36.2	2.4	.02	3.52
Merck & Co	MRK	116.75	113.38	113.88	-3.13	-2.67	117.75	79.75	.13	-.08	.39	-4.94	6.71	.63 S	9.9	5.0	13.8	16.3	3.20	2.8	08-30-85	3559.7	493.0	2.0	2.48	35.29
Morton Thiokol	MTI	34.88	32.88	34.13	.63	1.87	38.00	25.25	-.15	-.33	-.73	-8.77	4.01	1.85 F	85.6	29.0	10.8	8.5	.64	1.9	08-26-85	1832.3	197.9	1.5	2.94	12.50
Mylan Labs	MYLN	19.75	17.13	17.63	.00	.00	26.00	10.38	-.52	-1.94	-.02	-8.67	.52	.28 Q	100.0	58.0	23.3	31.5	.05	.3	02-19-85	53.6	12.5	5.9	.09	1.22
Newport Pharm	NWPH	13.75	11.13	11.38	.25	2.25	13.75	3.50	.42	-3.37	4.81	-28.24	.05	.26 F	NE	NC	6.7	NM	.80	7.0	05-23-85	9.0	.6	3.2	.21	.96
Pfizer Inc	PFE	49.00	46.75	48.38	.63	1.31	53.75	33.88	.00	.45	-.68	9.60	3.08	.39 S	13.5	15.0	13.2	14.7	1.48	3.1	07-26-85	3854.5	507.9	2.3	2.10	15.45
Reid Prov Labs	REID	4.63	4.25	4.63	.00	.00	6.63	2.88	-.69	.20	-.94	-16.19	.13	.01 F	8.3	27.0	6.0	35.6	.04	.9	12-10-84	16.6	1.0	3.1	.02	.92
Robins, AH	QRAH	8.50	7.88	7.88	-.38	-4.55	24.38	5.50	-1.44	-1.42	-1.11	-59.63	-18.44	-20.13 S	-100.0	NC	-73.0	NE	.00	.0	11-19-84	631.9	-461.6	1.7	.47	-5.23
Rorer Group	ROR	40.25	37.25	40.13	3.13	8.45	40.25	24.00	.48	1.25	7.36	59.00	2.08	-.03 S	-1.4	5.0	8.5	19.3	1.12	2.8	08-05-85	522.1	44.3	1.9	2.18	11.07
Scherer RP Co	SCHC	13.50	12.38	13.25	.63	4.95	13.50	8.63	.17	-.82	1.03	-35.38	-.43	-.96 Q	-100.0	NC	-2.0	NE	.32	2.4	09-11-85	167.4	-3.4	1.9	4.83	11.14
Searle, GD	SRL	65.00	64.50	64.50	-.38	-.58	65.50	46.50	.04	-.04	-12.53	4.92	3.24	.09 S	2.6	13.0	13.0	17.9	1.00	1.6	08-02-85	1245.8	161.6	2.1	3.46	17.37
Squibb Corp	SQB	69.00	66.75	66.75	-1.75	-2.55	72.88	45.00	-.09	-.53	-3.86	6.12	3.68	.39 S	11.2	18.0	10.5	17.3	1.76	2.6	08-12-85	1886.0	197.2	2.3	3.74	24.87
Sterling Drug	STY	31.88	30.13	31.50	1.25	4.13	34.25	25.25	.09	.71	.44	26.10	2.37	.14 S	6.1	4.0	7.8	12.9	1.20	3.8	08-08-85	1827.3	143.4	2.6	1.32	15.34
Syntex Corp	SYN	63.38	59.13	63.00	3.63	6.11	65.63	45.00	.07	1.22	2.98	1.15	4.08	-.27 N	-6.2	15.0	14.7	15.3	1.92	3.0	05-13-85	916.5	134.6	2.1	5.36	18.81
Thompson Med	TM	15.50	15.38	15.38	.00	.00	22.75	13.25	.00	-.12	-1.85	-16.40	2.20	-.67 S	-30.7	22.0	10.8	10.2	.40	2.6	06-25-85	197.2	21.2	4.3	.00	7.09
Upjohn Co	UPJ	112.25	103.50	109.50	1.13	1.04	122.50	52.25	-.22	.67	1.22	17.25	5.67	-.61 S	-10.1	.0	8.0	20.2	2.56	2.3	04-01-85	2179.1	173.3	1.7	12.47	37.00
Warner-Lambrt	WLA	39.75	37.38	39.13	1.38	3.64	46.50	30.50	.00	.14	-2.19	-1.16	2.81	.28 S	10.4	6.0	7.1	13.2	1.48	3.8	08-05-85	3166.7	223.9	1.7	6.47	18.18
Zenith Labs	ZENI	25.00	20.25	20.25	-1.38	-6.36	29.50	5.25	-.58	-3.61	3.44	5.24	.28	.44 S	244.4	85.0	7.7	32.7	.00	.0	06-19-85	37.5	2.9	2.6	.27	1.99

All data is based on sources believed to be reliable, but its accuracy is not guaranteed. Every effort will be made to correct errors, when discovered, in future issues.

Footnotes:

NA - Not Applicable
NC - Not Calculable
NE - Negative Earnings
NM - No Meaningful Figure
Q - First Quarter
S - First 6 Months
N - First 9 Months
F - Fiscal Year

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CS15

Special report:

A. C. Nielsen
Industry report

Merchandiser:

Ethnic H&BA: $2.3B
and growing—p. 71

Special report:

Drug stores see
automated future—p.95

DRUG STORE NEWS®

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EVERYDAY
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DRUG PALACE

Rite Aid's new Drug Palace in Bronx offers discounts up to 50% off regular price.

Rite Aid unleashes deep discount attack

NEW YORK — Rite Aid is busy planting its deep-discount stores called Drug Palaces here, confirming the chain's commitment to go on the offensive with the format.

"We think there is an opportunity in that segment and we expect to get our share," Martin Grass, senior vp, told *Drug Store News*.

The Shiremanstown, Pa.-based chain opened its second Drug Palace here last month in the Bronx, and a third store will open in the area later this month. The first Drug Palace opened in Brooklyn about three months ago.

Rite Aid also plans to open at least three more Drug Palaces this fall in upstate New York. Two stores will open in Buffalo and at least one will be in Rochester.

"We're playing with two different formats" said Grass, referring to the size of the Drug Palaces. The stores in upstate New York will be about 20,000 sq. ft., while those in New

Continued on page 110

Gray appoints new chief as revival efforts grow

Mastrian heads new exec team

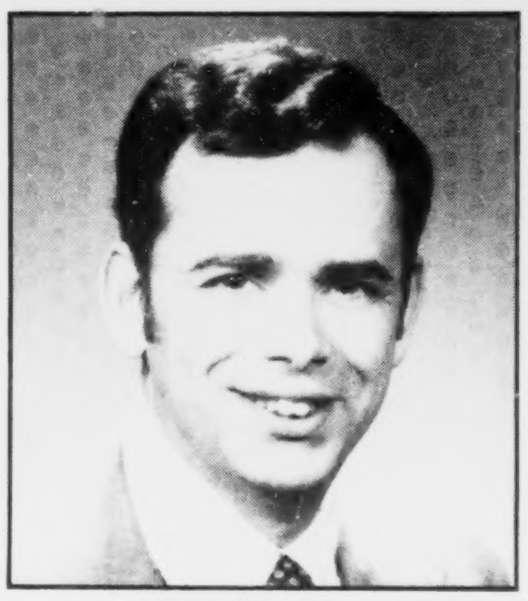
By Bruce Buckley

CLEVELAND — Without fanfare, Sherwin-Williams has named Jim Mastrian as president and general manager of its troubled Gray Drug Fair division.

Mastrian, who had been senior vp of marketing, takes over the 425-store drug chain at a time when some observers feel that the worst economic news may finally be over for Gray Drug Fair.

One analyst who follows the chain said he had "great confidence" that the foundation had been laid for a turnaround. "The drug stores are a very important segment for Sherwin-Williams," he said. "They can be a huge source of earning power if, in fact, they can turn things around."

The new president himself told *Drug Store News* that while "we've had problems, certainly we're optimistic. I think we have accomplished a significant amount in the year Carl's been here."



Jim Mastrian
'. . . certainly we're optimistic'

"Carl" is Carl Bellini, the Sherwin-Williams group vp who took over the presidency of the ailing drug chain in the wake of the resignation of Mac Allen Culver early this year. Culver quit to return to the West Coast and the presidency of Pay 'n Save's Northwest drug store division.

The analyst who follows Gray Drug Fair said the chain "had not been a well-run operation from the ground up," and Bellini's role was to act as "the chopper who got rid of some of the junk" in the form of employee problems, management problems and shrinkage problems.

"Now Mastrian can come in, emphasize the positive and improve morale," the analyst noted. "Any improvement is going to come slowly. Gray has gone from absolutely terrible to just terrible. But it's a big operation, and if they improve it slowly but surely, it can become a big source of earnings growth."

The company has not made a big thing out of the new appointment—no press release was even sent out—perhaps because of the history of executive turnover and unfulfilled expectations since the paint manufacturer and retailer took over the drug chain in 1981.

Since then there have been

Continued on page 110

Revco launches Rx safety testing

Program follows division probe

TWINSBURG, Ohio — In the wake of allegations stemming from federal investigations that drug diversion is jeopardizing the nation's drug supply, Revco D.S. is taking precautions to ensure the safety and efficacy of drugs purchased from secondary suppliers.

Sidney Dworkin, chairman of the nation's largest drug store chain, announced at the company's annual shareholders meeting here that "Revco will implement a testing program for any drug product that is offered to us by a secondary supplier. The objective of this program is to certify that all of our products are pure and safe according to the United States Pharmacopia (USP) standards.

"I believe we are the first major drug chain to take this action, and I personally will urge the other leading drug chains to take similar action."

At the end of Revco's most recent fiscal year ended June 1, the giant drug chain filled nearly 60 million prescriptions, a new record.

Under Revco's new program, random samples of each drug lot will be tested by an independent laboratory. "If the testing of any lot reveals a product that fails to meet USP standards, the entire shipment will be rejected—no exceptions—and we will notify the FDA," said Dworkin.

The issue of drug diversion has taken center stage over the last several months as two major probes into the practice, which is said to be widespread, have alleged, among other things, that adulterated

Continued on page 110

TE NEWS....LATE NEWS....LATE NEW

REVCO reported that net earnings for the 12-week first quarter decreased to $9.3 million from $15.3 million in the comparable period last year. Earnings per share were 27¢ vs. 42¢ a year ago. Sales increased 14.7% to $585.5 million from $510.6 million. The most recent quarter included the results from Carls Drug, which Revco acquired July 1.

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What experts said at DrSN seminar:

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Peoples names coo for Fla.

BOCA RATON, Fla. — Peoples Drug Stores has named John C. Cain vp and chief operating officer of its 30-store Shoppers Drug Mart Division in Florida, according to Sheldon W. Fantle, Peoples chairman, president and ceo.

The appointment comes at a time when Peoples is gearing up for a major expansion of its Florida drug store division. Four stores are scheduled to open by the end of the fiscal year in March, and another eight to 10 the following year.

Cain, who has been with the chain since 1976, said the Sunshine State had been targeted for growth because of the tremendous population gains that are projected.

"The Census says that Florida is expected to add 6.5 million to seven million people by the end of the century," Cain told *Drug Store News*. "That will bring the state's population to about 17 million."

Continued on page 110

John C. Cain
'enhancing Fla. stores'

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NEWS IN BRIEF

Gloria takes toll at Genovese

MELVILLE, N.Y. — Almost half of the Genovese drug stores in Long Island, N.Y., lost power for at least one day as a result of Hurricane Gloria. Although the stores escaped extensive damage, the hurricane knocked out electrical power in about 16 units.

In some stores, the power outage lasted throughout the peak weekend sales days, said Don Gross, Genovese's vp of marketing and distribution. At presstime, four stores remained without power and Gross said he expected those units to be without electricity for up to one week.

Gross noted that sales were beginning to pick up in September and that the storm-related store closings represented a "temporary setback."

SDM appoints 2 senior execs

WILLOWDALE, Ontario — Shoppers Drug Mart, Canada's leading drug chain, named two senior executives to executive vp positions. Fred Van Laare has been appointed executive vp, operational services, and Louis Goelman, has been named executive vp, purchasing and distribution.

Van Laare, who joined Shoppers in 1971, has also been assistant director of advertising and operations coordinator, both posts in SDM's Western Region; vp of operations for Alberta-Saskatchewan, and executive vp of the chain's Florida division.

Goelman, who has had extensive experience in the food and drug industry, will be responsible for purchasing and distribution for more than 400 Shoppers Drug Mart/Pharmaprix retail pharmacies throughout Canada.

Alco agrees to buy Meyers

VALLEY FORGE, Pa. — Alco Health Services Corp., the nation's fourth largest drug wholesaler, has agreed in principle to acquire Meyers & Co. of Tiffin, Ohio, from Hillman Securities Inc., for 1.11 million shares of Alco Health Services common stock.

The acquisition is subject to final approval by the boards of both companies, the execution of a definitive agreement and appropriate regulatory filings.

Meyers is a distributor of pharmaceuticals, H&BA, medical and surgical supplies and home health products and has annual sales of more than $100 million. It will continue to operate from its existing location under the same management led by Robert W. Meyers, president.

The acquisition will put Alco over the billion-dollar mark in revenues.

Cardinal acquires Daly for $31.8M

DUBLIN, Ohio — Cardinal Distribution Inc. has signed an agreement in principle to acquire James W. Daly Inc., a $140 million drug wholesaler based in Peabody, Mass., for $31.8 million in cash and convertible debenture.

Under the agreement, Cardinal, a food and drug wholesaler with annualized sales of $400 million, will either purchase or lease Daly's new 250,000-sq.-ft. distribution center in Peabody, Mass.

The agreement calls for Daly to continue operating independently under the present management headed by ceo's Joseph L. Daly and William J. Daly.

INDEX

Classified 108
Computer Technology Survey 95
Editorial. 4
Ethnic Products. 82
Ethnic Report 71
Financial 6
Merchandise News 106
Pharmacy 85

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BEST AVAILABLE COPY

Industry scores in battle to stop Rx Medicaid cuts

WASHINGTON — Lawyers for the nation's drug stores, wholesale druggists and pharmacists scored a stunning first round knockout in their courtroom battle to block "disastrous" new Medicaid Rx reimbursement cuts scheduled to take effect this month.

Faced with the prospect of a federal court order barring implementation of the controversial plan, officials at the Health Care Financing Administration reversed course abruptly and announced that state Medicaid programs will not be barred from reimbursing pharmacies for drug products based on "average wholesale prices" on Oct. 1 after all. (See earlier story, page 85.)

In a statement filed with the federal district court in Washington, HCFA officials announced their decision to "rescind the Oct. 1, 1985, 'deadline' for states to make potentially needed changes in their reimbursement practices," and blamed lower level regional officials at the agency for giving state Medicaid administrators the "erroneous" impression that AWP payments to drug stores would be outlawed.

HCFA's surprise reversal surfaced late last month in response to a lawsuit filed by an unprecedented coalition of industry and professional groups including the National Association of Chain Drug Stores, the National Retail Druggists Association, the American Pharmaceutical Association, the National Association of Wholesale Druggists, the American Society of Hospital Pharmacists, the American Society of Consultant Pharmacists and the Pharmaceutical Manufacturers Association.

In asking the court to enjoin HCFA from altering the existing Medicaid Rx reimbursement formulas without first seeking public comment on those changes, attorneys for the broad-based industry coalition argued that the imminent cutbacks would cause "irreparable" injury to drug chains, independents, wholesalers and pharmacists.

Before the court could rule on that motion, however, HCFA fired off a "model letter" to each of the agency's regional offices which effectively withdrew the Oct. 1 deadline for withholding federal funds to states which continue to reimburse pharmacies based on full AWP.

The industry coalition responded promptly to the HFCA action by "declaring victory" and withdrawing their request for an injunction against reimbursement cuts.

But while it "appears that we won the federal battle, we may still have a fight on our hands at the state level," NACDS General Counsel

Continued on page 110

Associated/Affiliated fall show heavy on H&BA, cosmetics lines

NEW YORK — Buyers from about 85 chain drug companies, representing better than 7,000 drug stores, were set to gather in New York City to attend the combined Affiliated/Associated fall buying show.

This year's fall show, at the Omni Park Central Hotel, the second combined fall event for the two associations, featured 170 exhibitors, the largest number ever, and a full agenda of social gatherings, board meetings, educational sessions and buyer conferences.

According to Ira Shain, Associated's president, this year's fall show was once again heavily skewed toward H&BA and cosmetics. "But that accounts for only about 60% of the show. There's a lot of other interests also represented," Shain added.

The official buying show was scheduled for Oct. 7, 8 and 9, but related activities were scheduled to begin as early as Oct. 4 when Affiliated opened its own two-day showroom buyers' show. Affiliated buyers displayed more than 500 suggested lines of post-Christmas merchandise, including garden and patio, summer toys and spring and summer wearing apparel.

On Oct. 6, Affiliated had its traditional "What's Good With You" sessions on the schedule. In the morning, sessions included a look at a successful clip strip program, a presentation on upgrading summer furniture and an overview of the latest trends in H&BA and fragrances. A panel on video cassette rentals was set for the afternoon session.

During the morning session, members traditionally share their successful items and ideas of recent months with the rest of the membership. This year, about 200 ideas were to be presented.

Associated was set to kick off its program with a member's luncheon on Oct. 6, hosted by Del Labs. Following the luncheon and membership meeting, four major presentations were on tap: Ted Gladson

Continued on page 110

House approves polygraph ban despite drug chain protests

WASHINGTON — The House Employment Opportunities Committee ignored warnings from chain drug industry leaders and approved new legislation flatly prohibiting polygraph testing of employees.

The bill passed by the subcommittee would impose civil penalties of up to $10,000 on drug chains and other private employers who even "suggest" that an employee submit to a "lie detector" test.

The measure also allows the Labor Department to secure injunctions preventing individual firms from conducting polygraph "screens" of workers or job applicants, and enables employees (or labor unions) to file civil damage suits against employers who violate the act.

Although similar antipolygraph laws have already been enacted in a number of states, drug chain lobbyists are opposed to a nationwide ban against workplace lie detector testing because such exams are considered necessary to prevent "internal diversion" of controlled substances.

In testimony before the House subcommittee earlier this year, Rite Aid's Government Relations vp, James Krahulec, told Congress that "employees are stealing between 500,000 to one million dosage units of dangerous drugs each year from pharmacies" and chain warehouses, and that without the polygraph, drug stores would become even more "vulnerable to internal diversion."

During the subcommittee's "markup" of the bill late last month Krahulec's concerns were echoed by Rep. Robert Livingston (R-La.).

Noting that "up to a million doses of legal drugs vanish from pharmaceutical company inventories each year," Livingston maintained that the drug store industry needs lie detectors "to help protect its inventories and to ferret out internal theft rings."

Despite the setback at the subcommittee level, chain drug industry leaders told *Drug Store News* that they still hope to head off final passage of antipolygraph legislation this year.

"We plan to ask the full House Education and Labor Committee to adopt an amendment to the bill specifically exempting the drug industry from the polygraph ban," National Association of Chain Drug Stores vp Ty Kelley said.

If that maneuver fails, NACDS will continue the battle when the bill reaches the House floor for a vote, he added.

FINANCIAL

Thrift reports flat earnings

PITTSBURGH — Thrift Drug, which operates close to 400 stores, recorded flat earnings for the second quarter ended July 27 and a slight profit increase for the first six months, according to J. C. Penney, the drug chain's parent company.

Overall, Penney's net income for the second quarter declined 40.4% to $30 million from $49 million in the same year-earlier period. Earnings per share fell to 40¢ from 66¢ a year ago.

Sales in the first quarter declined slightly to $3.01 billion from $3.06 billion a year ago.

For the first six months, net earnings were down 32.3% to $80 million, or $1.07 a share, from $118 million, or $1.58 a share, in the corresponding 1984 period.

Sales for the half rose slightly to $5.816 billion from $5.810 billion.

Penney said its gross margin declined in the second quarter and first half "as a result of lower sales and higher markdown and promotional activity." In addition, there was no LIFO credit in the quarter, as compared with an $8 million credit last year.

The company said it expected to "record an improving sales performance."

Gainers
13
Unchanged
2
Losers
36

Cardinal dividend

DUBLIN, Ohio — Cardinal Distribution's board of directors announced a cash dividend of 2¢ per share payable on Nov. 1 to holders of record on Oct. 15.

Cardinal is a wholesale drug and food distributor to drug stores, supermarkets, convenience stores and hospitals.

Top five gainers

Company	2-week % change	Closing price 9/23
Rorer Group	+11.33	$43.00
ICN Pharm	+ 4.17	9.38
Thrifty Corp.	+31.31	19.50
Begley Co.	+ 3.23	16.00
Squibb Corp.	+ 2.02	69.38

Top five losers

Company	2-week % change	Closing price 9/23
Newport Pharm	−18.75	$ 9.75
Key Pharm	−15.73	9.38
Medicare-Glaser	−15.00	4.25
Durr Fillauer	−11.11	12.00
Ketchum	− 9.54	16.00

		STOCK PRICE							TREND TO MARKET				EARNINGS/SHARE					P/E	DIVIDENDS			FINANCIAL POSITION				
		From 09/06/85 - 09/23/85							Price Trend (% per day)		Volume Trend (% per day)			Latest 12 Months vs Preceding 12 Months Change					Indicated Dvd. rate			Last Fiscal Year			Last Fiscal Year (Per Share)	
					Change		52-Week																			
Name	Symbol	High	Low	Close	Amt	Pct	High	Low	Last 30 Days	Last 5 Days	Last 30 Days	Last 5 Days	Last Fiscal Year	Amt.	Pct	5-Year Annual Growth Rate	Profit Margin	Latest P/E Ratio	Amt.	Yield	Last X-Dvd. Date	Revenue	Earnings	Current Ratio	Long Term Debt	Common Stock Equity
-	-	$	$	$	$	%	$	$	%	%	%	%	$	$	%	%	%	-	$	%	-	$ Mil	$ Mil	-	$	$
Chain Store transactions																										
Am Stores	ASC	57.25	54.75	56.75	.63	1.11	67.50	35.38	-.18	-.05	5.25	-10.49	5.71	1.67 S	42.0	34.0	1.5	10.0	.64	1.1	09-16-85	12118.8	185.5	1.2	37.93	21.40
Begley Co	BGLY	16.00	15.50	16.00	.50	3.23	17.63	15.00	.11	-.10	-4.78	.00	1.26	-.07 Q	-5.0	3.0	1.1	12.1	.72	4.5	04-15-85	66.1	.7	1.7	13.77	18.84
Big B	BIGB	14.75	13.50	14.25	.00	.00	19.50	10.63	-.33	.85	-2.35	-22.19	.68	.12 S	20.3	15.0	3.0	20.1	.00	.0	09-21-83	148.1	4.4	2.3	1.20	4.58
Drug Sys	DRGS	4.75	4.63	4.63	-.13	-2.63	6.13	3.38	-.74	-.98	-7.66	-47.37	.35	-.12 Q	-24.0	NC	1.2	12.2	.60	13.0	05-09-85	104.7	1.3	3.0	1.28	5.84
Eckerd, Jack	ECK	29.63	26.50	27.50	-2.63	-8.71	32.88	20.00	.34	-.85	-1.88	-7.50	2.27	-.03 N	-1.4	2.0	3.3	12.8	1.04	3.8	09-09-85	2622.5	85.4	2.0	2.52	16.47
Fay's Drug	FAY	9.13	8.13	8.25	-.63	-7.04	13.00	8.13	-.18	-1.18	-2.01	1.34	.62	-.22 S	-33.3	33.0	2.4	18.8	.20	2.4	09-23-85	366.7	8.7	1.8	1.65	4.28
Genovese Drug	GDX	10.25	9.63	10.00	-.13	-1.23	15.88	9.13	-.48	.71	-.98	1.14	1.03	.07 S	6.8	40.0	1.9	9.1	.20	2.0	09-24-85	220.3	4.1	1.7	2.06	5.73
Longs Drg Strs	LDG	28.38	26.00	26.50	-.50	-1.85	31.13	20.56	.23	-.22	-3.70	-10.64	1.88	.14 S	7.8	9.0	2.9	13.7	.72	2.7	08-27-85	1375.8	40.1	2.1	.00	12.23
Medicare Glaser	MGCO	5.00	4.25	4.25	-.75	-15.00	7.00	3.50	.02	-4.02	.78	-15.15	.05	-.47 Q	-100.0	NC	.2	NE	.00	.0	00-00-00	81.7	.2	2.2	3.58	3.52
Revco Drug	RDS	26.13	25.25	25.25	-.63	-2.42	30.63	22.50	.19	-1.00	-2.17	-26.68	1.06	-1.48 F	-58.3	2.0	1.6	23.8	.80	3.2	08-19-85	2395.6	38.9	1.7	1.22	12.48
Rite Aid Corp	RAD	24.50	21.88	22.50	-1.88	-7.69	33.50	21.88	-.50	-.38	3.21	16.14	1.69	.08 Q	5.3	9.0	4.8	14.1	.50	2.2	07-12-85	1445.7	69.9	1.9	2.02	8.58
Thrifty Cp	TFD	19.50	18.75	19.50	.63	3.31	22.88	17.50	.08	.56	-4.67	4.60	1.40	.24 N	18.2	15.0	2.1	12.5	.60	3.1	05-06-85	1299.3	27.9	1.5	4.46	7.72
Walgreen Co	WAG	25.88	23.13	23.63	-2.00	-7.80	30.25	18.75	-.06	-.14	-.28	-10.25	1.39	.20 N	15.0	20.0	3.1	15.4	.44	1.9	08-12-85	2744.6	85.4	1.7	.87	6.76
Wholesaler's transactions																										
Bergen Bruns	BBCA	31.00	27.63	28.00	-2.88	-9.31	32.38	20.13	.07	-.88	-4.31	13.99	1.57	.35 N	22.6	17.0	1.2	14.7	.32	1.1	07-26-85	1703.4	19.7	1.6	1.08	11.11
Bindley Wstn	BIND	10.50	9.75	10.50	-.25	-2.33	15.00	9.25	-.17	1.20	-7.86	-9.22	.73	.16 S	25.8	23.0	.8	13.5	.00	.0	05-01-85	566.7	4.7	1.4	.08	5.46
Cardinal Distrb	CDIC	16.88	15.75	16.00	-.88	-5.19	18.50	10.91	-.17	-.87	1.36	-17.34	1.01	.17 Q	18.9	NC	1.2	15.0	.08	.5	06-25-85	320.0	3.7	1.7	.94	8.85
Durr Fillauer	DUFM	13.38	10.13	12.00	-1.50	-11.11	15.25	9.81	-.33	1.73	1.34	-48.77	.74	.13 S	19.1	15.0	1.7	14.8	.14	1.2	07-01-85	341.7	5.8	2.3	1.21	6.05
McKesson Cp	MCK	48.63	44.88	45.50	-3.00	-6.19	50.00	37.00	-.04	-.26	-1.63	-9.74	3.60	-.07 Q	-1.9	-1.0	1.3	12.4	2.40	5.3	08-27-85	4887.1	65.0	1.5	12.99	30.40
Foxmeyer Cp	FXM	25.50	24.38	24.38	-.63	-2.50	29.75	21.00	.09	-1.05	-1.32	-.33	1.56	.16 Q	11.3	25.0	1.3	15.5	.00	.0	00-00-00	717.1	9.0	2.8	17.31	16.51
Ketchum	KCH	17.81	15.41	16.00	-1.69	-9.54	22.97	13.47	-.24	.81	-3.04	4.12	.56	-.03 Q	-4.9	NC	.2	27.6	.00	.0	09-24-84	273.7	.6	1.4	7.87	7.52
Owens & Minor	OBOD	16.63	14.50	14.75	-1.00	-6.35	16.63	8.00	.52	-.35	3.13	-32.39	.95	.20 S	22.5	15.0	1.2	13.5	.28	1.9	09-10-85	306.7	3.6	3.0	5.35	8.54
Manufacturer's transactions																										
Abbott Labs	ABT	57.63	53.75	57.25	.75	1.33	60.00	36.75	.10	.80	-1.07	7.08	3.34	.49 S	15.8	17.0	13.0	15.9	1.40	2.4	10-08-85	3104.0	402.6	1.9	3.91	13.33
Am Home Prod	AHP	58.88	57.38	58.50	.38	.65	66.88	46.75	.05	-.31	-2.40	5.02	4.39	.31 S	7.3	11.0	15.1	12.9	2.90	5.0	05-07-85	4485.5	675.6	3.4	.26	13.74
Baxter Travenol	BAX	14.63	13.13	14.00	-.25	-1.75	16.88	11.75	.07	.13	-1.97	-10.83	.21	-1.22 S	-87.1	-23.0	1.6	77.8	.37	2.6	09-09-85	1800.4	29.0	1.6	1.46	7.83
Block Drugs Co	BLOCA	39.50	38.50	38.75	-.25	-.64	40.50	26.22	.12	-.30	-1.22	-71.05	3.48	.36 Q	11.1	11.0	10.5	10.8	1.00	2.6	08-27-85	247.8	25.9	2.4	3.28	22.47
Bolar Pharm	BLR	14.50	13.00	13.63	-.50	-3.54	22.63	11.25	-.61	-.05	-6.55	18.88	.61	.13 S	22.8	23.0	18.2	19.5	.03	.2	08-06-85	29.1	5.3	7.5	.00	3.70
Bristol-Myers	BMY	59.13	56.00	57.75	-1.38	-2.33	66.50	43.63	-.03	-.17	-.12	-.36	3.45	.41 S	12.7	14.0	11.3	15.8	1.88	3.3	09-30-85	4189.4	472.4	2.5	.75	15.63
Carter-Wallace	CAR	36.00	32.38	33.63	-1.38	-3.93	46.63	22.00	.07	-.20	-4.19	-19.60	2.66	.38 Q	15.3	20.0	5.9	11.7	.60	1.8	07-26-85	348.8	20.7	2.2	1.53	23.37
Forest Labs	FRX	25.38	21.13	24.63	-.63	-2.48	32.50	12.13	-.37	2.66	.40	11.49	.73	.22 Q	39.3	14.0	17.4	31.6	.00	.0	01-14-83	24.1	4.2	4.5	.22	5.90
ICN Pharm	ICN	9.75	8.63	9.38	.38	4.17	12.25	8.25	.03	.00	-3.55	-10.08	.00	-.09 S	-47.4	NC	1.6	93.8	.00	.0	00-00-00	44.8	.7	3.0	2.43	4.50
Key Pharm	KPH	11.13	9.38	9.38	-1.75	-15.73	13.75	8.00	-.32	-2.57	1.28	46.43	.61	-.04 S	-6.7	57.0	14.6	16.7	.20	2.1	09-09-85	151.1	22.1	3.4	2.52	1.60
Lilly Eli Co	LLY	88.00	83.00	87.25	.50	.58	90.38	56.38	.10	.47	-6.37	4.40	6.73	.48 S	7.4	9.0	15.8	12.4	3.20	3.7	08-09-85	3109.2	490.2	1.7	1.63	31.04
Lee Pharm	LPH	6.38	5.88	6.00	.13	2.13	9.63	2.13	.19	-1.26	.82	-20.36	.13	.38 N	NE	NC	6.2	25.0	.00	.0	00-00-00	8.1	.5	3.0	.20	1.73
Marion Labs	MKC	35.50	31.25	34.38	-.63	-1.79	39.75	18.00	.00	1.59	.39	-30.20	.94	.32 F	51.6	34.0	12.2	36.6	.28	.8	09-16-85	295.7	36.2	2.4	.02	3.52
Merck & Co	MRK	114.00	103.50	109.25	-4.25	-3.74	117.75	79.75	-.07	-.69	3.68	-22.86	6.71	.63 S	9.9	5.0	13.8	15.6	3.20	2.9	08-30-85	3559.7	493.0	2.0	2.48	35.29
Morton Thiokol	MTI	34.13	30.00	32.75	-.88	-2.60	38.00	25.25	-.11	1.03	3.05	-37.14	4.01	1.85 F	85.6	29.0	10.8	8.2	.64	2.0	08-26-85	1832.3	197.9	1.5	2.94	12.50
Mylan Labs	MYLN	17.63	15.75	16.38	-1.25	-7.09	26.00	11.38	-.24	-.13	-3.94	12.93	.52	.28 Q	100.0	58.0	23.3	29.2	.05	.3	02-19-85	53.6	12.5	5.9	.09	1.22
Newport Pharm	NWPH	11.38	9.25	9.75	-2.25	-18.75	13.75	4.50	-.28	-.90	1.97	-9.57	.05	.15 Q	NE	NC	6.7	NE	.80	8.2	05-23-85	9.0	.6	3.2	.21	.96
Pfizer Inc	PFE	49.00	44.00	47.25	-1.25	-2.58	53.75	33.88	-.15	.86	1.85	24.07	3.08	.39 S	13.5	15.0	13.2	14.4	1.48	3.1	07-26-85	3854.5	507.9	2.3	2.10	15.45
Reid Prov Labs	REID	4.63	4.13	4.38	-.25	-5.41	6.63	2.88	-.14	.00	-3.53	-57.50	.13	.01 F	8.3	27.0	6.0	33.7	.04	.9	12-10-84	16.6	1.0	3.1	.02	.92
Robins, AH	QRAH	8.00	6.63	7.63	-.38	-4.69	24.38	5.50	-1.48	.75	-3.46	-7.33	-18.44	-20.13 S	-100.0	NC	-73.0	NE	.00	.0	11-19-84	631.9	-461.6	1.7	.47	-5.23
Rorer Group	ROR	43.25	38.25	43.00	4.38	11.33	43.25	24.00	.97	.35	3.94	-13.94	2.08	-.03 S	-1.4	5.0	8.5	20.7	1.12	2.6	08-05-85	522.1	44.3	1.9	2.18	11.07
Scherer RP Co	SCHC	13.25	12.38	12.50	-.38	-2.91	13.50	8.63	.16	-1.30	-.07	50.57	-.43	-.96 Q	-100.0	NC	-2.0	NE	.32	2.6	09-11-85	167.4	-3.4	1.7	4.07	9.72
Searle, GD	SRL	64.88	64.25	64.63	-.13	-.19	65.50	46.50	.10	-.38	-9.65	-23.08	3.24	.09 S	2.6	13.0	13.0	17.9	1.00	1.5	08-02-85	1245.8	161.6	2.1	3.46	17.37
Squibb Corp	SQB	69.88	65.13	69.38	1.38	2.02	72.88	45.00	.00	.77	2.17	4.87	3.68	.39 S	11.2	18.0	10.5	18.0	1.76	2.5	08-12-85	1886.0	197.2	2.3	3.74	24.87
Sterling Drug	STY	31.88	30.50	31.50	.13	.40	34.25	25.75	.29	-.11	-1.69	-25.79	2.37	.14 S	6.1	4.0	7.8	12.9	1.20	3.8	08-08-85	1827.3	143.4	2.6	1.32	15.34
Syntex Corp	SYN	64.25	61.13	64.13	1.13	1.79	65.63	45.00	.41	.69	1.44	27.44	4.65	.57 F	14.0	16.0	15.8	13.8	1.92	3.0	05-13-85	948.5	150.0	2.1	5.36	18.81
Thompson Med	TM	15.50	15.38	15.38	.00	.00	19.13	13.25	.11	-.39	1.28	3.14	2.20	-.67 S	-30.7	22.0	10.8	10.2	.40	2.6	06-25-85	197.2	21.2	4.3	.00	7.09
Upjohn Co	UPJ	111.50	100.75	109.13	.38	.34	122.50	52.25	-.10	1.34	.00	-6.09	5.67	-.61 S	-10.1	.0	8.0	20.2	2.56	2.3	04-01-85	2179.1	173.3	1.7	12.47	37.00
Warner-Lambrt	WLA	39.50	37.25	38.50	-.63	-1.60	46.50	30.50	.14	-.62	-.95	-1.08	2.81	.28 S	10.4	6.0	7.1	13.0	1.48	3.8	08-05-85	3166.7	223.9	1.7	6.47	18.18
Zenith Labs	ZENI	20.25	17.50	20.00	-.25	-1.23	29.50	5.25	-.72	1.27	-1.25	-12.02	.28	.44 S	244.4	85.0	7.7	32.3	.00	.0	06-19-85	37.5	2.9	2.6	.27	1.99

All data is based on sources believed to be reliable, but its accuracy is not guaranteed. Every effort will be made to correct errors, when discovered, in future issues.

Footnotes:

NA - Not Applicable
NC - Not Calculable
NE - Negative Earnings
NM - No Meaningful Figure
Q - First Quarter
S - First 6 Months
N - First 9 Months
F - Fiscal Year

Data and Table Prepared by Media General Financial Services, Inc., Richmond, Virginia 23219

Special report:
Ethnic products

MERCHANDISER

Ethnic H&BA: $2.3 billion and growing

As the profitable ethnic health & beauty aids market continues to expand, more retailers, wholesalers and manufacturers are tapping into the category.

Everyone is hoping to grab a piece of a $2.3 billion market that is projected to skyrocket to $5.6 billion by 1993. In the next decade, according to Business Trends Analysts, ethnic H&BA will generate nearly 24% of the total dollars spent on all toiletry and cosmetic items.

And on a profit per unit basis, black hair preps, the traditional backbone of the category, outpace any other H&BA item. According to A. C. Nielsen, the dollar profit per year on a unit of black hair preps—based on a 40% margin, an inventory turn of six and an average retail of $3.85—is $9.26. In contrast, the average general market shampoo yields only $4.78. In other words, black hair preps are profitable.

Amid such profitability, the category has continued to grow. Among the major developments:

- The $50 million ethnic hair color market is set to explode with the introduction of new products, including semipermanent colors, from a number of major manufacturers.
- The black men's market is pegged for expansion as manufacturers target this fashion-conscious consumer group.
- McKesson is rolling out its first coordinated national program for ethnic products in 40 distribution centers. In mid-1986, the giant wholesaler will supplement its current planograms of ethnic hair and skin care products with 4-ft. to 8-ft. sections of cosmetics, hair accessories, and hosiery targeted for the ethnic market.
- The American Health and Beauty Aids Institute, a Chicago-based consortium of 20 manufacturers of ethnic H&BA products, will conduct the first buyers school for the category. At the two-and-a-half day seminar, buyers will receive an operations manual, directory of products and their use and other educational information. The AHBAI is also developing a set of planograms for the category based on quantitative data from leading research organizations.
- Perry is expanding and adding ethnic sections in stores where there is a lot of black traffic. The Pontiac, Mich.-based chain now has ethnic sections in over 60 stores ranging from 4 ft. to 36 ft.
- Fay's is tracking the category's movement on a computerized system in those stores with ethnic sections.
- Hook's and SupeRx have both created their own ethnic planograms. Hook's is warehousing over 80% of its ethnic product mix.

Continued on page 72

Ethnic H&BA: $2.3 billion and growing

Continued from page 71

- Eckerd is taking a closer look at the category and is said to be slashing prices on ethnic items in highly competitive markets.
- Revco is continually broadening its ethnic mix and now carries over 250 sku's.

What all this activity revolves around is a burgeoning black population that is projected to grow nearly 75% faster than the general population. By 1993, blacks will comprise 12.8% of the U.S. population.

Because blacks spend as much as five times more on hair care items than the general population on a per capita basis, stores with as little as 5% black traffic can generate 15% of H&BA sales in the ethnic section, according to Business Trends Analysis.

Drug chains have always led the pack when it comes to the ethnic category. In 1984, for example, drug stores generated 44% of 25 H&BA category sales, but a 54% share of ethnic hair care sales, according to A. C. Nielsen. In contrast, food stores generated 47% of general H&BA sales, but only 28% of ethnic hair care sales.

But, there are signs that mass merchandisers and food stores, in particular, are starting to realize the category's potential.

Diana Warren of Judith Lynn notes that more food stores are beginning to put in ethnic H&BA sections. And Lafayette Jones, executive director of AHBAI, says that drug stores were in the category early, but "there is tremendous opportunity in other retail outlets."

While retail outlets battle for the ethnic H&BA dollar, a number of trends are emerging.

Hair color

In 1984, hair care products generated 41%, or $920 million, of all ethnic H&BA sales, according to Business Trends Analysts. However, the one subsegment primed for growth is the $50 million hair color business, including permanent, semipermanent and highlighting formulations.

Rocky Piccirillo, director of operations for Beauty Enterprises, an ethnic products distributor in Hartford, Conn., says that "1986 will be the year of hair color." While only 3% of his company's total dollar sales are now related to hair color, he says that the segment is "growing."

Indeed, as the trend toward a more relaxed and natural look continues, hair colors, especially, semipermanent formulations, will become more popular.

Notes Kent Humphreys of Jack's service, a supplier of ethnic H&BA in Oklahoma City: "Temporary hair colors are an exciting category." But he also stresses that permanent hair colors are very strong. For example, sales of Carson's Dark & Lovely hair color have more than doubled in the last 12 months, says Humphreys.

At least four major manufacturers, including Clairol and Soft Sheen, are launching, or plan to launch, hair color products.

Clairol's Born Beautiful division has already unveiled a semipermanent hair color targeted for black and hispanic women with relaxed or permed hair. And Soft Sheen is reportedly gearing up to launch a temporary hair color for the ethnic market in retail markets. Other manufacturers are reportedly following suit. Several manufacturers, including Soft Sheen, Worlds of Curls, and Lustrasilk; have also recently introduced professional hair colors.

In other areas of the hair care arena, buyers and distributors note that Soft Sheen's Snap Back has been an unqualified success. Notes Humphreys: "Snap Back is the product of the year. Sales are increasing 15% to 20% every month."

The AHBAI recommends seven ways for retailers to reap more dollars from ethnic H&BA:

1. Wider distribution.
2. Carry broader, deeper lines; expand shelf space.
3. Feature ethnic H&BA more frequently in ads.
4. Offer better discounts.
5. Promote the entire category more aggressively and consistently.
6. Use profit-generating end-aisle displays.
7. Improve in-store presentation with better housekeeping.

The trend toward the "light look" has also increased sales of gloss and sheen sprays.

And at Drug King in Oakland, Calif., a store with 30-ft. ethnic section, store manager Joe Martinez, has spotted an interesting trend. He says that activators are selling to anyone with perms. Although it would be difficult to track, many observers agree with Martinez: products for the ethnic market indeed sell outside of that market.

Men's market

Black men, of course, have always used oil sheens, conditioners, hair sprays and gels. For example, as much as 70% of Atlanta-based M&M Products' sales are generated by products specifically formulated for men.

However, the emergence of the wave and the more natural look have catapulted men's product sales. Says Mike O'Brien of Harris Beauty Supply, an ethnic H&BA supplier in Atlanta: "There has been a big increase in sales in the pomade category."

Pat Marr, account manager for Hanes DSD/Sav-A-Stop, one of the nation's largest nonfoods distributors, agrees. "The curl activator market is turning like a big battleship toward the pomades and greases."

Many manufacturers have also recently introduced hair care lines for men. For example, Johnson Products unveiled Ultra Style for men in 1984. This year the company signed Chicago Bulls' superstar and Rookie-of-the-Year Michael Jordan to a multiyear endorsement contract.

According to Johnson, the hefty contract is the largest for a celebrity endorsement in the ethnic H&BA category. "It's substantial, lucrative and on par with his other contracts," says George E. Johnson, founder and president of Johnson Products. Jordon, the dynamo who led the U.S. basketball team to an Olympic gold medal, has signed a seven-year $6 million contract with the Bulls.

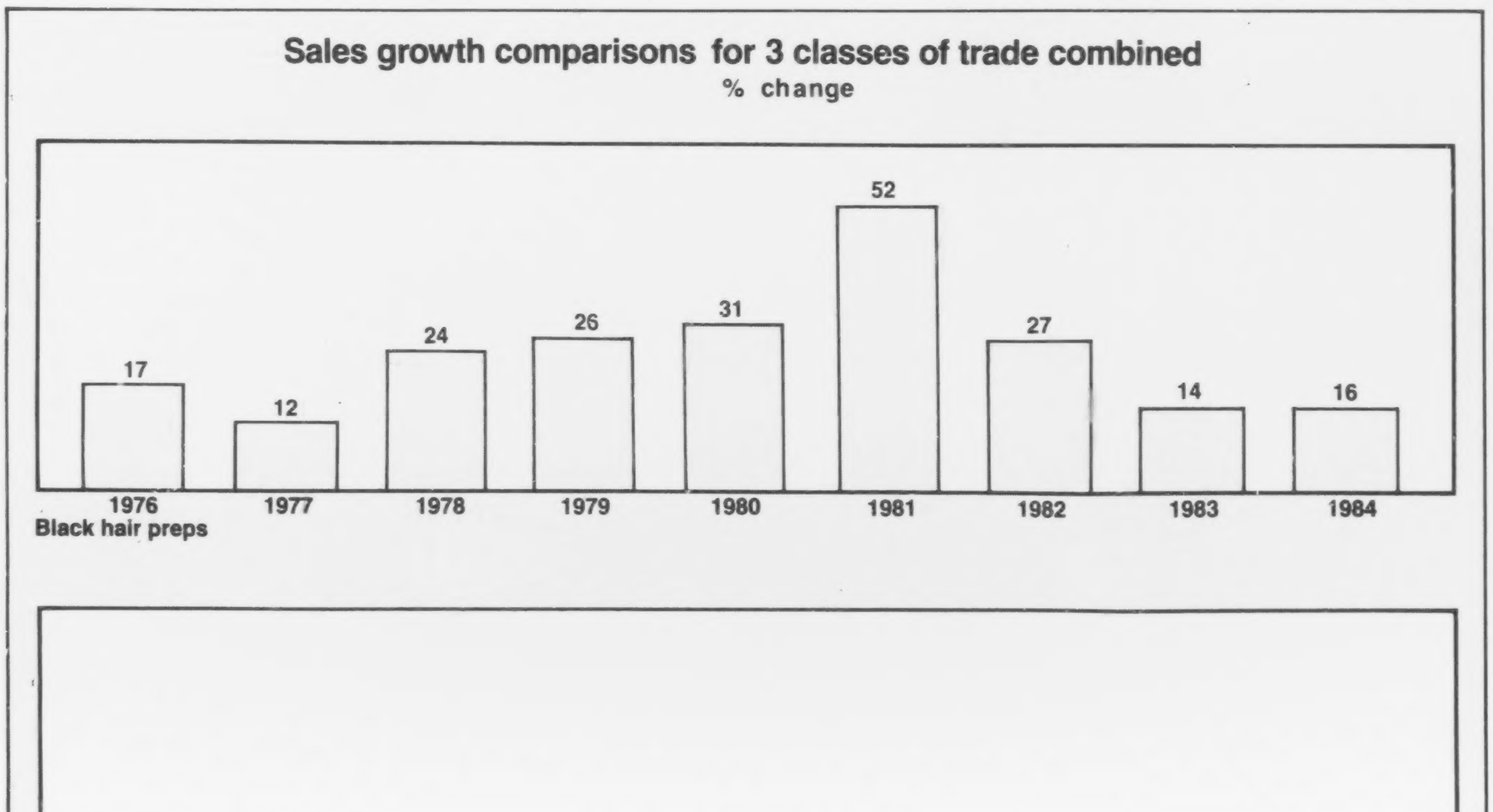
Another company which has recently introduced a hair product for men is Pro-Line. The Dallas-based ethnic H&BA producer is launching a no-rod wave and curl kit called Players. According to the company, "market research proves that men prefer no-lye by a margin of over 5 to 1."

Says Comer J. Cottrell, president and chairman of Pro-Line: "Players was designed with the fashion-conscious active black male in mind."

Johnson Publishing Co. is also tapping into the fashion market for black men with the first of Johnson's black-oriented magazines targeted specifically to men.

Called *Ebony Man*, the magazine, which will debut in November, is aimed at the more than 13 million black men looking for a "commonsense, fundamental approach to fashion, grooming and fitness," says John H. Johnson, publisher. Alfred Fornay, the magazine's executive editor, adds: "Simply put, *EM* is the fashion, grooming, fitness and successful living magazine for contemporary black men."

With all the attention black men are receiving, retailers should look forward to increased sales of those products targeted specifically for this group.



Sales growth comparisons for 3 classes of trade combined
% change

Source: A. C. Nielsen

Gentle-Treatment
No-Lye Conditioning creme relaxer
CREME of NATURE
All relaxers relax. This one repairs.
REVLON

Hispanic products: big potential, slow sales

There may be as many as 17.6 million Hispanics regularly passing through the nation's drug stores, but retailers are not experiencing a sales explosion of products aimed at this substantial population segment.

Retailers including Walgreens, Eckerd, K mart and Standard have tested Hispanic departments. Although these tests are on-going, sales to date have been only modest.

"It is growing, slowly, but surely," reports Diana Warren of Judith Lynn Sales Inc., one of the first suppliers of Hispanic items.

The mediocre success to date does not mean a boom is never going to come, suggests Joe Potocki of the Promotion Marketing Association of America. Like the ethnic category 10 years ago, the Hispanic market will take cultivating, he says.

Several issues have kept the Hispanic market locked up, say experts. One problem is the language barrier.

Marketers are currently battling over whether Hispanics prefer Spanish labeling on packages or not. While many believe Hispanics feel more comfortable finding products with Spanish labels, Lionel Sosa, president and creative director of Sosa & Associates, insists Hispanics prefer to feel part of the American family. To that end, he says, advertising and packaging should be in English.

Yet, Strategy Research finds that the primary language spoken by Hispanics in this country is Spanish. In fact, most of the current rack jobber programs include products wrapped in Spanish or bilingual packaging.

Many manufacturers are following suit. Jason Products, for example, has a new line of natural shampoos with Spanish labeling. The "Primavera Flora" line is aimed at what Jason calls a category that has been neglected.

Another hitch in efforts to perk up the Hispanic market is the lack of a major advertising medium comparable to the black market's *Ebony* and *Essence*, the bibles of ethnic marketing. A relatively new magazine, *Latina*, however, may be the answer. Many marketers such as Sophisticolor with its new Paradise Cosmetics line, will use this new publication in hopes of wooing Hispanic shoppers.

A final hurdle has been retailers' and marketers' lack of knowledge about the Hispanic customer. Although most know about the promising demographics, many have been confused by the market. Retailers originally thought they had to market to three distinct groups: Mexicans, Puerto Ricans and Cubans. In 1984, a report by Yankelovich, Skelly & White Inc. proved that theory wrong. The study concluded that marketers should consider all Hispanics "in aggregate as a consumer segment."

If retailers do finally find the key to unlock the market, the sales potential is astonishing. The Hispanic population has increased 440% since 1950%. In the last five years, the Hispanic population zoomed up another 20%. And the Commerce Bureau of the Census puts the total of Hispanics in 1990 at 21 million.

It is also a market gaining in income and educational level. The percentage of college graduates has doubled since 1981, and the annual family income is up. Thirty-six per cent currently earn $20,000 or more, and Strategy Research estimates overall median income in 1985 will hit $19,900—that's compared with only $14,712 five years ago.

Strategy Research finds Hispanic shoppers dedicated to chain environments. "It is another method for them to feel they fit into society," explains one expert on these shoppers. This suggests drug chains will become favorite shopping spots.

What is also interesting about Hispanic shoppers is that males participate in shopping more often than their Anglo counterparts.

Like black shoppers, Hispanics become very loyal to an outlet. Also resembling the black population is Hispanics' high consumption of health & beauty aids. For instance, over 76% of Hispanic men use after shave compared to 62% of non-Hispanics.

According to Warren, the products gaining the most acceptance in chains are soaps, ointments and shampoos. She adds that Judith Lynn executives constantly travel to Mexico to discover other items favored by Hispanics.

A buyer for a large Southern chain adds he has seen increasing sales to Hispanics of vanilla used as a fragrance. "Now that is a product I'd never expect to move. That's the difference between blacks and Hispanics. Blacks need certain products for their special skin and hair. Hispanics just like certain items they are familiar with or those from their homeland."

Hispanic usage of health & beauty aids outpaces Non-Hispanic

	Hispanic	Non-Hispanic
After shave lotion	76.2%	61.9%
Antacids	79.9	68.9
Arthritis remedies	34.5	23.7
Bath/bar soap	99.7	99.4
Cold remedies	80.5	48.0
Cough syrup	75.9	52.3
Cream rinse/conditioner	77.2	50.1
Hand lotion	85.3	76.8
Laxatives	45.9	33.0
Ointments/rubs	63.6	54.4

Source: Strategy Research Corporation

Adds Royce Cates of Sophisticolor, "Hispanic women don't need a particular type of cosmetics, but all Hispanics fall into the winter classification. That's why our colors suit them."

Chris Hayman, merchandiser for Standard Drug, agrees that Hispanic women prefer certain shades. He says Wet'n Wild is proving to be popular.

Indeed, cosmetics may become a prime vehicle to generate greater sales to Hispanics. Says Teri Zubizarreta of Zubi Advertising in Miami, "Hispanic women are fashion conscious—marketers could sell a lot more lipstick here if they only tried."

Vendors pitch cosmetics to swelling Asian market

The press release from a new ethnic cosmetics line, Paradise Cosmetics of Beverly Hills, touts the line as perfect for not only blacks and Hispanics, but Orientals as well. When Gazelle International debuts, next year, its line will be pitched at "women of color," including Asians.

It is no surprise marketers are targeting the swelling Asian market. According to the latest available U.S. Department of Commerce Bureau of Census figures, there are 3.7 million people from Asia now living in America.

Although these figures cannot be compared with incomplete earlier Census data, the population is indeed growing, according to Karen Mills of the Census Bureau.

The bulk of this group, 58.5%, live in western states. In fact, 35.2% reside in California. Hawaii, New York, New Jersey, Texas, and Illinois are also home to a significant portion of this population.

Will Asians be the next ethnic group retailers and manufacturers attempt to lure? Many marketers already see it as a viable option.

Like Hispanics and blacks, the Asian group likes to shop well-known chain stores. But Asians also enjoy finding products they are familiar with from their homes. Shiseido Cosmetics, for instance, got its entry into the U.S. market based on its overwhelming success in Japan. Japanese-American women started looking for the products here. It has since become a best seller among all women.

Royce Cates of Sophisticolor expects his Paradise Cosmetics line to appeal to Oriental women because of the colors available in the pegged offering. Sophisticolor's color expert Vicki Barneck, discovered all Asian women have "cool" skin tones meaning they fall into the winter classification.

Cates believes Asian women will see the Paradise colors suit their natural skin tones. "Color analysis is just going to keep growing. You see Joan Collins—she is always in her colors and looks great. Linda Evans doesn't know her proper colors and goes wrong."

While colors aimed at the Asian market may work, several retailers are still not sure the market requires any other special attention.

But with the population exploding, retailers say they will stay on top of it and be ready if it becomes the next trend.

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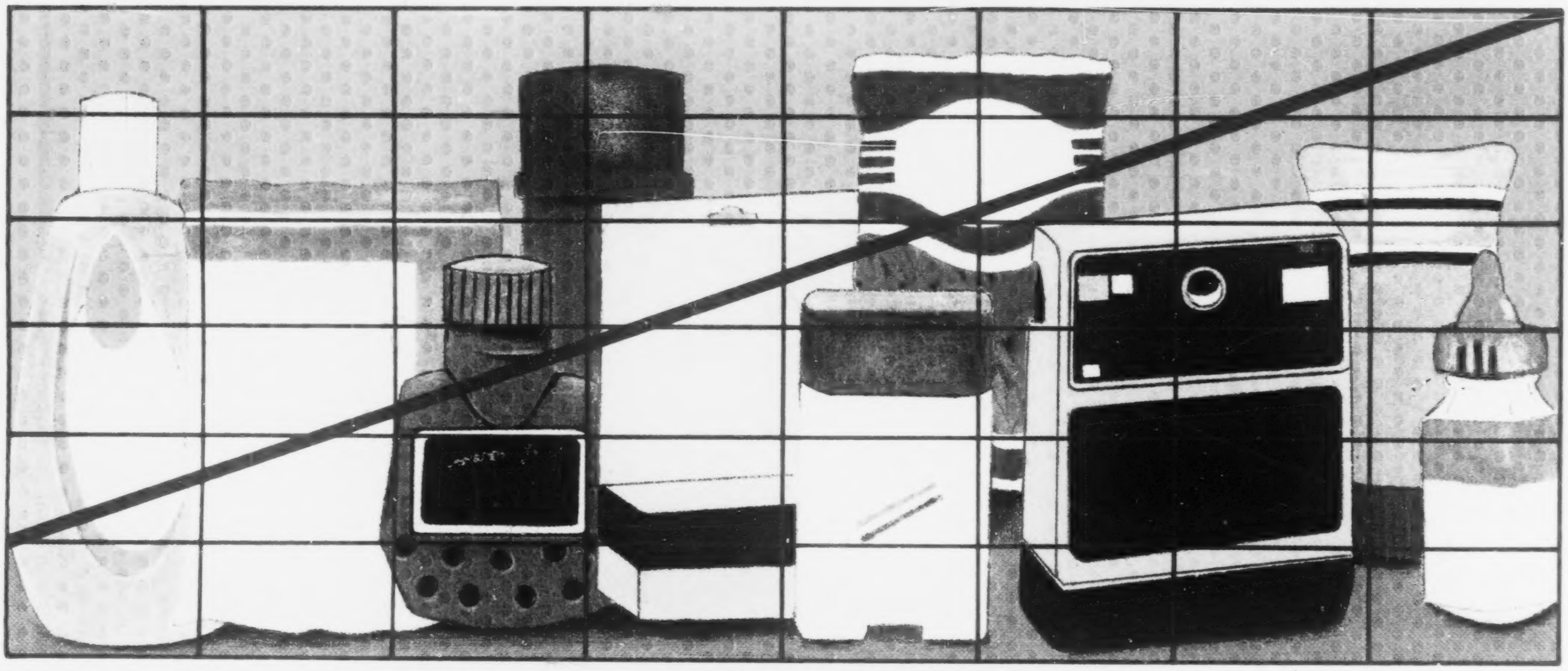
DRUG STORE NEWS®

1985 NIELSEN REVIEW



OF RETAIL DRUG STORE TRENDS

To Our Friends In the Retail Drug Trade

Once again it is our pleasure to recognize our friendships within the Drug Industry with this presentation of key trends in drug store retailing and merchandising of health & beauty aids. This annual publication is one way we find to express our thanks to you, the retailers who are such an important ingredient in the development of these industry statistics.

This year finds us well along in the implementation of a plan that will strengthen our support of drug retailers through our new expanded Trade Services Department. These marketing, merchandising and research specialists are at the service of your industry as well as our cooperating stores and organizations. We think this enhanced Nielsen commitment will contribute to your industry's success in the future.

We hope all of our readers will find the 1985 review both informative and interesting. We welcome your questions and comments. Just give our Trade Services group a call.

We would also like to thank the staff at *Drug Store News* for their advice in assembling this review and including it in their Oct. 14, 1985, issue.

Cordially,

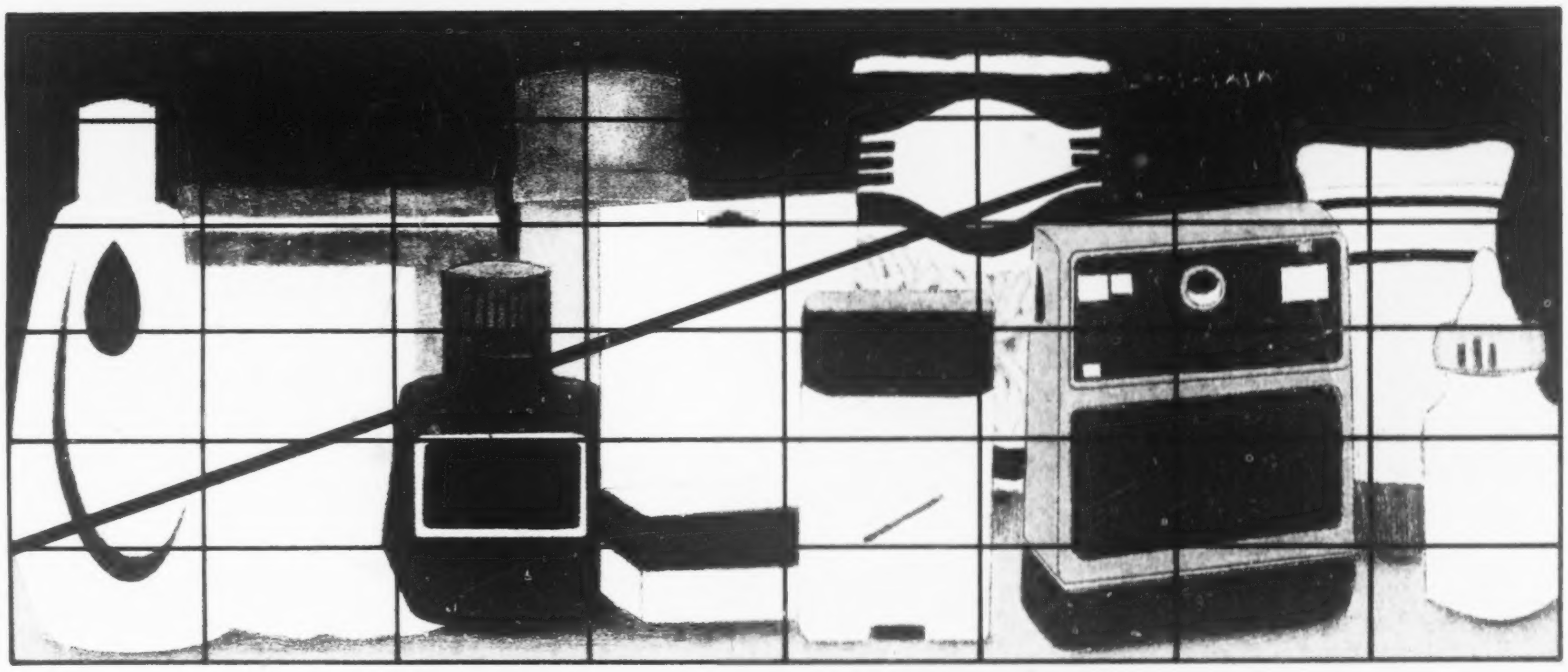
Donald R. McCurry

Donald R. McCurry
Executive Vice President
Managing Director
Marketing Research Group, U.S.A.

Nielsen Marketing Research

INTRODUCTION

1985
NIELSEN REVIEW



OF RETAIL DRUG STORE TRENDS

1985 Nielsen Review of Retail Drug Store Trends

Retail drug store sales increased by a strong 9% in 1984 and have been increasing at a similar rate during the first half of 1985. The information compiled by the A. C. Nielsen Company and presented in this publication also shows:

- Total U.S. retail sales "real" growth is slowing as measurements are taken against the strong 1983-84 recovery period.
- Consumer price increases are holding at a steady 4% rate of gain, but medical care costs are still increasing faster than average.
- Drug chains continue to report the strongest growth and should account for close to 60% of 1985 drug store sales.
- HBA sales have been slowing in all three outlets during the first half of 1985.

Table of Contents

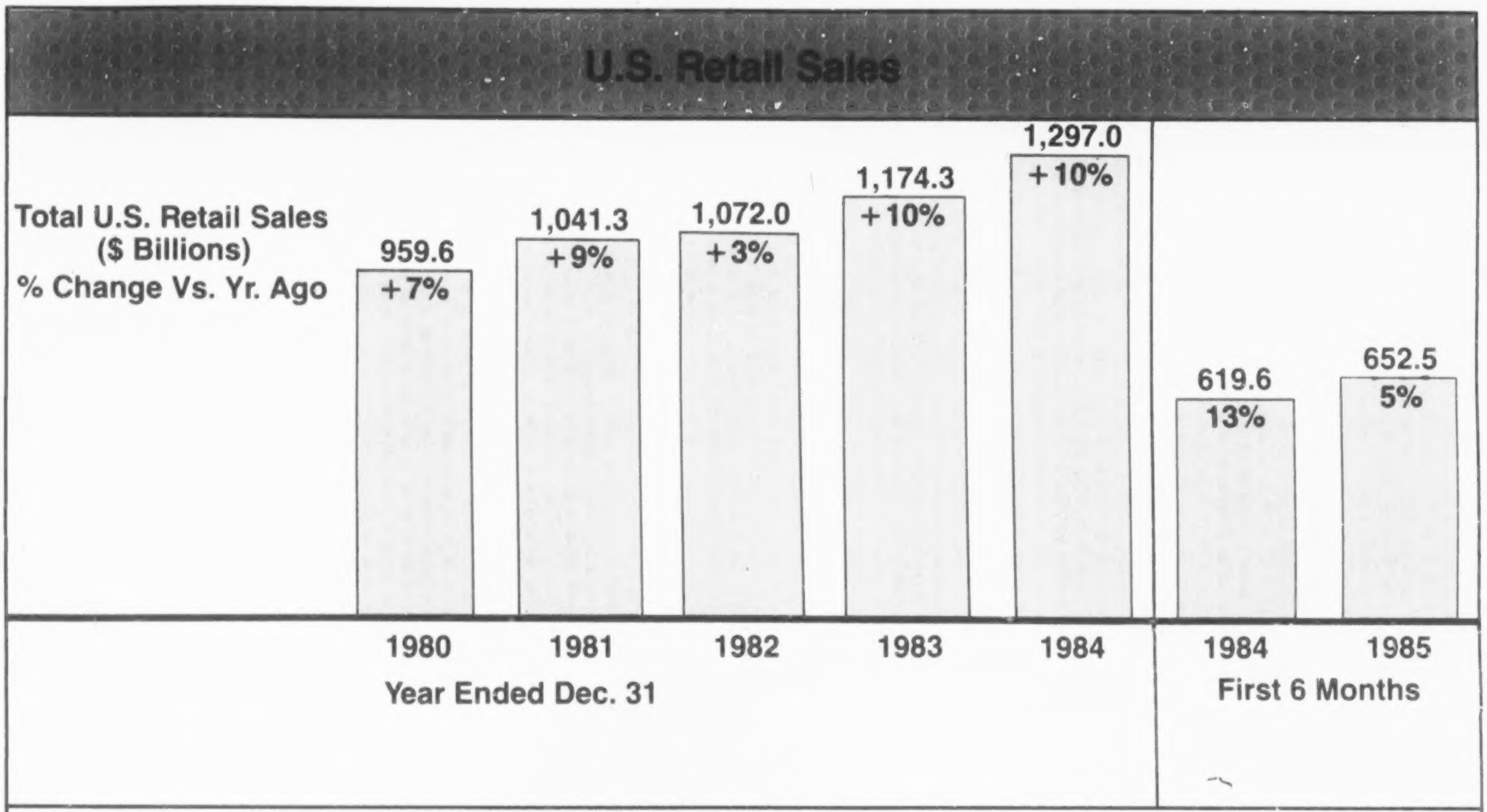
The Economic Environment 4-5
Retail Drug Store Sales 6-7
HBA Sales 8-13
HBA Inventories 14-15
Space Allocation 16-18
Map—Nielsen Retail Marketing Areas 19

Chapter I: The Economic Environment

Total U.S. Retail Sales climbed to $1.3 trillion dollars in 1984, a 10% gain over the previous year. Retail sales rate of gain during the first six months of 1985 slowed to 5% as we began to measure against the strong 1983-84 recovery period.

The rate of "real" growth has also slowed to approximately 1%. Price increases, while stable at 4%, accounted for a larger portion of sales increases in the first half of 1985 than during 1984.

U.S. Retail Sales



Source: U.S. Department of Commerce

Division of U.S. Retail Sales

								Dollar Sales % Chg. vs. yr. ago First six months 1985 vs. 1984
Total U.S. Retail Sales	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	
Drug & Proprietary	3.2	3.2	3.4	3.4	3.4	3.4	3.5	+ 7%
Food Stores	22.9	22.6	22.9	21.7	20.8	21.3	20.9	+ 4%
Eating & Drinking	9.4	9.4	9.7	9.8	9.6	9.7	9.7	+ 6%
Gasoline Stations	9.8	10.0	9.1	8.4	7.8	8.1	7.6	− 1%
Clothing	5.0	5.1	5.2	5.1	5.2	4.8	4.8	+ 6%
Automotive	17.1	17.5	18.0	19.8	21.4	22.7	23.7	+10%
Furniture & Appliances	4.6	4.5	4.3	4.7	4.9	4.6	4.9	+11%
Hardware & Lumber	5.3	5.0	4.7	5.1	5.3	5.3	5.2	+ 4%
All Others	22.7	22.7	22.7	22.0	21.6	20.1	19.7	+ 3%
	1980	1981	1982	1983	1984	1984	1985	

Source: U.S. Department of Commerce

Drug stores continue to account for an increasing portion of total U.S. retail sales. By 1984, drug and proprietary stores accounted for 3.4% of sales and are currently generating 3.5% of sales.

Durable goods sales, particularly automotive (+10%) and furniture and appliances (+11%) continue to support overall U.S. retail sales during the first half of 1985. Along with drug store sales, these are the areas of greatest retail sales growth.

The general rate of price inflation has been held to only 4% during both 1984 and the first six months of 1985. This means real growth in U.S. retail sales has been near 1% for the first part of 1985, slowing from year ago rates.

The largest current price increases continue to come from medical care segment (+6%), particularly prescription drugs (+10%) and medical services. Over-the-counter drug prices increased 5% during the first half of 1985.

During 1984, consumers enjoyed a second year of large gains in income as real disposable income (adjusted for inflation) rose by 6%. First half of 1985 rates are slowing, up 3%, as we measure against the 1983-84 recovery. Even so, the 3% real growth rate remains a big improvement over the very low rates found in the early 1980's.

Consumer Price Index

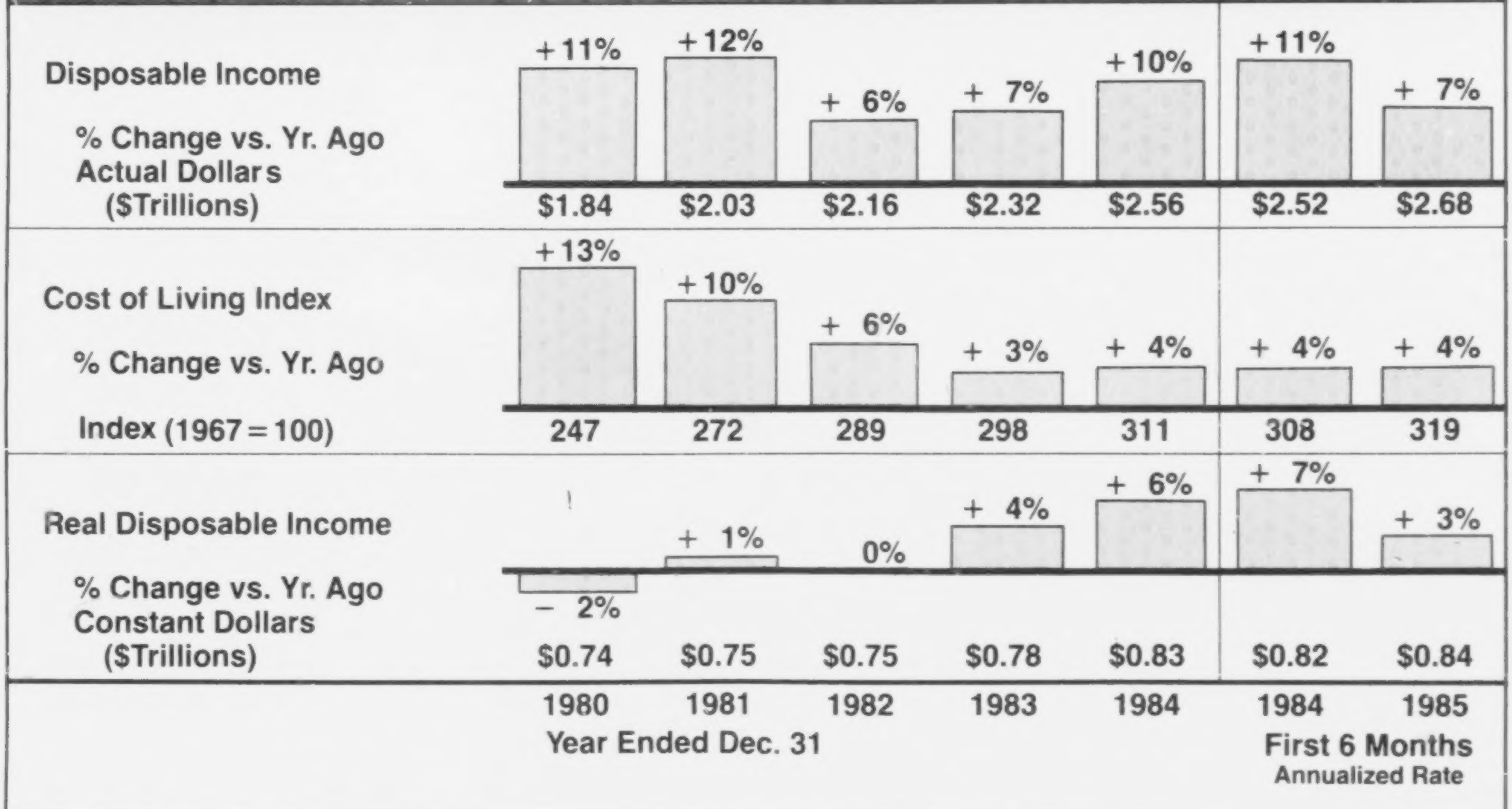
Base Year 1967 = 100

	1980	1981	1982	1983	1984	1985	% Change 1985 vs. 1984 First 6 mos.
% Change Vs. Yr. Ago	+13%	+10%	+ 6%	+ 3%	+ 4%		
Total All Items	247	272	289	298	311	319	4%
Medical Care	266	295	329	357	380	396	6
Prescription Drugs	155	173	193	214	234	252	10
Over-The-Counter Drugs	188	211	234	252	267	278	5
Physicians Services	269	299	327	352	377	393	6
Dental Services	240	263	283	303	327	344	7
Hospital Room	419	481	557	620	671	703	7
Personal Care	206	232	250	261	271	279	4
Food-At-Home	252	270	279	282	293	297	2
Food-Away-From-Home	267	291	307	320	333	343	4
Housing	263	294	315	323	337	346	4
Clothing	178	187	192	196	200	204	3
Transportation	250	280	292	298	312	318	3
Entertainment	205	221	236	246	256	263	4

Annual Average, Year Ended Dec. 31 — 1980–1984; First 6 Months — 1985

Source: U.S. Department of Labor.

Real Disposable Income Trends



	1980	1981	1982	1983	1984	1984	1985
Disposable Income % Change vs. Yr. Ago	+11%	+12%	+ 6%	+ 7%	+10%	+11%	+ 7%
Actual Dollars ($Trillions)	$1.84	$2.03	$2.16	$2.32	$2.56	$2.52	$2.68
Cost of Living Index % Change vs. Yr. Ago	+13%	+10%	+ 6%	+ 3%	+ 4%	+ 4%	+ 4%
Index (1967=100)	247	272	289	298	311	308	319
Real Disposable Income % Change vs. Yr. Ago	− 2%	+ 1%	0%	+ 4%	+ 6%	+ 7%	+ 3%
Constant Dollars ($Trillions)	$0.74	$0.75	$0.75	$0.78	$0.83	$0.82	$0.84

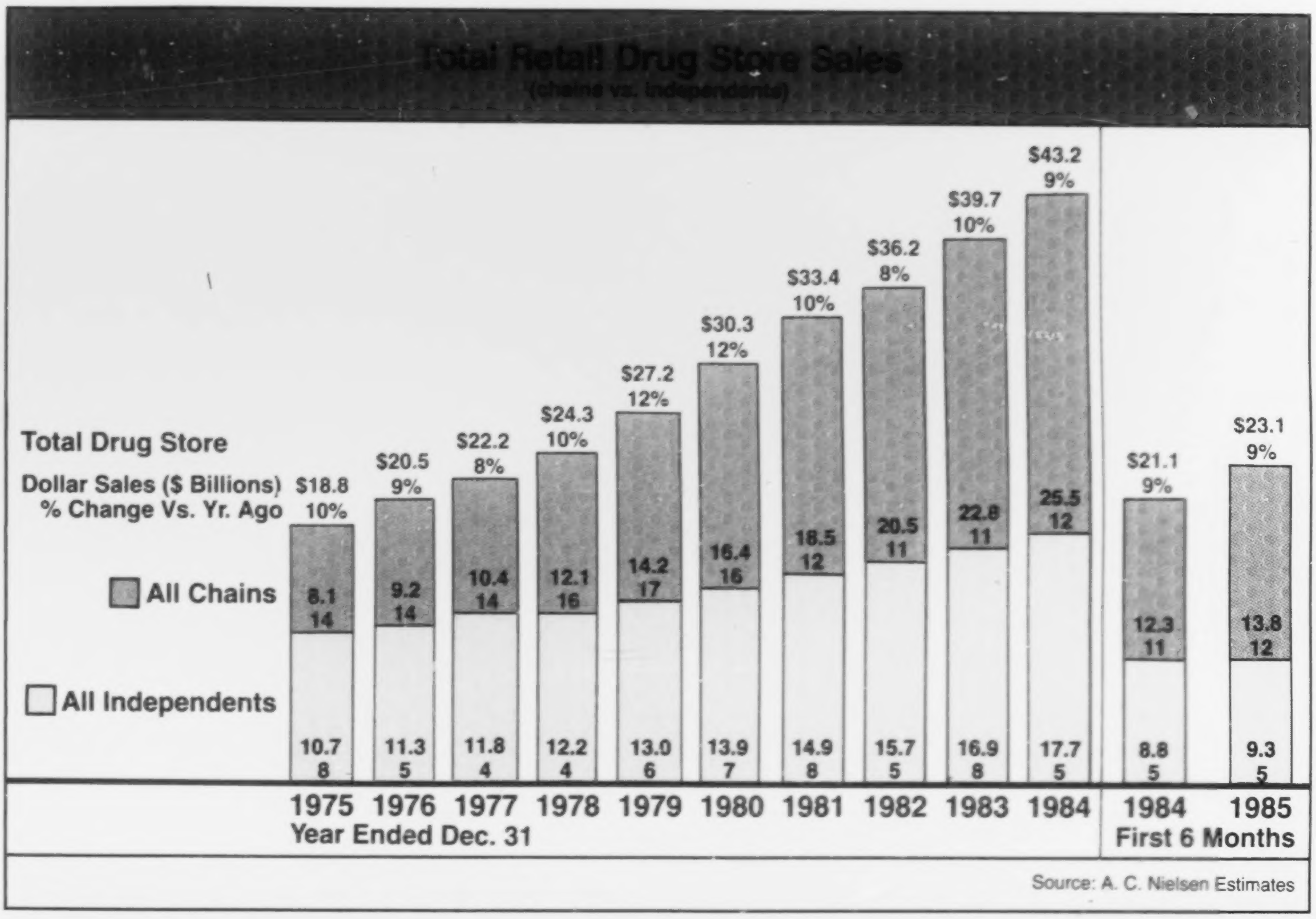
Year Ended Dec. 31 — 1980–1984; First 6 Months Annualized Rate — 1984, 1985

Source: U.S. Department of Commerce.

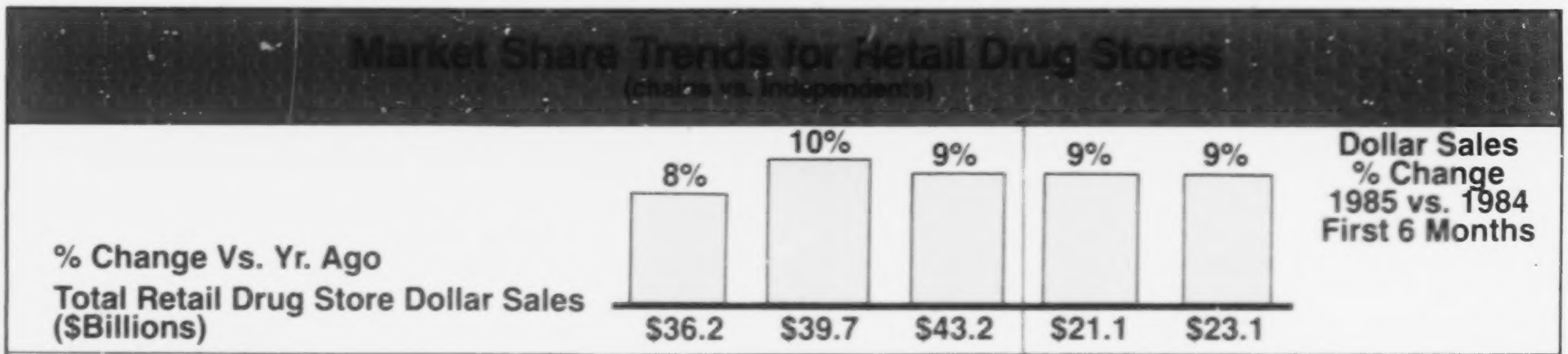
Chapter II: Retail Drug Store Sales

Retail drug store sales increased by a strong 9% in 1984 to $43.2 billion. This growth rate has kept up through the first half of 1985.

Chain drug outlets (those companies with four or more stores under the same ownership) continue to lead the way with sales increases of 12% for both 1984 and the first part of 1985. Independents have held steady at a 5% rate.



Source: A. C. Nielsen Estimates



	1982	1983	1984	1984	1985	Dollar Sales % Change 1985 vs. 1984 First 6 Months
% Change Vs. Yr. Ago	8%	10%	9%	9%	9%	
Total Retail Drug Store Dollar Sales ($Billions)	$36.2	$39.7	$43.2	$21.1	$23.1	
Division of Sales						
Total Drug Stores	100.0%	100.0%	100.0%	100.0%	100.0%	9%
All Chains	56.6	57.5	59.0	58.5	59.9	12
All Indpts	43.4	42.5	41.0	41.5	40.1	5
Over $500,000	18.8	19.4	20.0	19.7	20.2	12
$250,000-$500,000	15.2	14.9	14.4	14.7	14.0	4
Under $250,000	9.4	8.2	6.6	7.1	5.9	−8
	Year Ended Dec. 31			First 6 Months		

Source: A. C. Nielsen Estimates

Drug chains now command 59% of total drug store sales and if current trends hold they will capture close to 60% of all sales in 1985.

Large independent operators (with annual volumes of $500,000 and above) are currently keeping pace with chain growth. They now account for 20.2% of sales. Smaller independent operators continue to lose sales share to their larger independent and chain competitors.

Of the 24 Nielsen retail marketing area, drug store sales in Baltimore/Washington (+13%) Florida/South Georgia (+14%) and in Seattle/Portland (+12%) increased significantly above the U.S. average of 9% during 1984. The Delta (+4%), Minneapolis/Wisconsin (+6%) and Pittsburg (+6%) areas all had below average gains.

Total drug store sales per capita are higher than average in the northwestern areas of the country along with southern California, Florida/South Georgia, Chicago, Baltimore/Washington and Albany/Buffalo.

Drug store sales per capita are lower than average in the Midwest and Mountain state areas of the country.

Total Retail Drug Store Sales By Nielsen Retail Marketing Area

	1984 Total Drug Store Dollar Sales ($Billions)[1]	% Change vs. year ago	Market Importance To Total U.S.	1984 Population (Millions)[2]	Importance To Total U.S.	Drug Sales Per Capita (Total U.S. = 100)
Total U.S.	43.2	9%	100.0%	234.0	100.0%	100
New England	2.2	11	5.1	13.3	5.3	97
New York City	2.1	7	4.8	15.3	6.5	75
Albany/Buffalo	1.5	7	3.5	7.3	3.1	112
Philadelphia	1.7	10	3.9	10.0	4.3	91
Baltimore/Wash.	1.8	13	4.1	7.8	3.3	122
Pittsburg	1.0	6	2.3	6.5	2.8	82
Cleveland	1.2	7	2.7	6.5	2.8	98
Detroit/Grand Rapids	1.9	9	4.4	9.6	4.1	107
Indianapolis/ Cincinnati/Lexington	2.0	9	4.6	10.7	4.6	101
Chicago	1.8	8	4.2	7.8	3.3	128
St. Louis/Peoria	1.0	10	2.3	5.9	2.5	91
KansasCity/Omaha/ Iowa	1.5	7	3.5	9.8	4.2	84
Minneapolis/Wisconsin	1.6	6	3.8	10.4	4.5	85
Denver/Mountains	0.8	8	1.9	5.2	2.2	86
Virginia/Carolinas	2.1	10	4.7	12.4	5.3	89
Florida/S. Georgia	2.4	14	5.7	11.9	5.1	111
Georgia/Alabama	2.3	9	5.3	13.7	5.9	89
Delta	1.9	4	4.4	11.2	4.8	91
Albuquerque/ San Antonio	1.3	7	2.9	10.3	4.4	67
Dallas/Houston	2.0	10	4.7	10.3	4.4	106
Southern California	3.4	8	7.9	16.0	6.8	116
Boise/Salt Lake City/ Phoenix	1.0	8	2.3	5.4	2.3	101
Northern California	3.0	7	7.1	10.4	4.4	159
Seattle/Portland	1.7	12	3.9	7.3	3.1	125

[1] Year Ended Dec. 31 [2] As of Jan. 1, 1985

Source: A. C. Nielsen Estimates

permanents
hair color

Chapter III: H&BA Sales Trends

Total dollar sales of the 59 categories that comprise the Nielsen HBA Index climbed to $22.9 billion in 1984, up 8% over a year ago. Of that amount 40.2% ($9.2 billion) represented sales through drug stores. This accounts for 21.3% of total drug store sales.

Food stores now account for 44.0% of Nielsen HBA Index sales, the same share as in 1983. Mass merchandisers now account for 15.8%, up 0.7 point.

The Nielsen HBA Index is currently composed of 59 selected over-the-counter toiletry, cosmetic, remedial and paper goods categories. No prescription items are included.

Nielsen HBA Index: Dollar Volume and Share by Retail Outlets

Dollar Sales % Change vs. Year Ago	+15%	+15%	+10%	+10%	+8%
Three Outlet Dollar Sales ($Millions)	$15,288	$17,609	$19,310	$21,246	$22,899
Drug Stores	6,843	7,757	8,223	8,685	9,208
Food Stores	6,297	7,395	8,327	9,360	10,080
Mass Merchandisers	2,148	2,457	2,759	3,201	3,611
Division of Sales Drug Stores	44.8%	44.0%	42.6%	40.9%	40.2%
Food Stores	41.2	42.0	43.1	44.0	44.0
Mass Merchandisers	14.0	14.0	14.3	15.1	15.8
	1980	1981	1982	1983	1984
	Year Ended Dec. 31				

Source: Nielsen Retail Index

Nielsen HBA Index Sales and Average Price Trends Drug, Food and Mass Merchandise Stores

(% change vs. year ago)

Total Nielsen HBA Index Dollar Sales Trends 3 Outlets Combined	15%	15%	10%	10%	8%	10%	4%
Drug Outlets	15	13	6	6	6	8	2
Food Outlets	17	17	13	12	8	9	6
Mass Merchandiser	12	14	12	16	13	18	4
Weighted Unit Sales Trends 3 Outlets Combined	5	5	2	5	4	6	0
Drug Outlets	5	5	−1	1	3	5	−1
Food Outlets	5	6	4	7	2	4	1
Mass Merchandiser	2	5	4	12	9	16	1
Weighted Apparent Average Price Trends 3 Outlets Combined	10	10	8	5	4	4	4
Drug Outlets	9	9	8	5	3	3	3
Food Outlets	11	11	9	5	5	5	6
Mass Merchandiser	11	10	9	4	4	3	4
	1980	1981	1982	1983	1984	1984	1985
	Year Ended Dec. 31					First 6 months	

Source: A. C. Nielsen Retail Index

Nielsen HBA Index unit sales rose by 4% in 1984 in the three outlets combined. The strongest sales trends continue to occur in mass merchandise stores.

However, both dollar and unit growth has slowed in the first half of 1985. Unit sales growth is at a standstill. Dollar sales are up 4%, all of it appearing to be price increases.

HBA real sales growth improved during 1984 as drug store unit sales volume for the Nielsen HBA Index averaged a 3% increase. However, sales during the first half of 1985 have slowed considerably with unit sales declining by 1% and dollar sales up only a meager 2%. Part of the slowdown can be attributed to measuring against a very strong first half of 1984.

Color cosmetics (+5%) external medicines (+1%) and paper goods (+3%) are bucking the declining trends with continued sales growth.

Apparent price increases, up only 3% in 1984 and the first half of 1985, are at the lowest rates in over five years.

Nielsen HBA Index Categories: Sales and Average Price Trends in Drug Stores

(% Change vs. Year ago)

	1980	1981	1982	1983	1984	1984	1985
Dollar Sales Trends							
Total Nielsen Health & Beauty Aid Index	15%	13%	6%	6%	6%	8%	2%
Total Toiletries/Personal Care	**16**	**14**	**6**	**4**	**6**	**8**	**2**
Men's Products	17	12	5	7	6	9	1
Skin Care	**17**	**14**	**3**	**2**	**5**	**9**	**1**
Hair Care	18	18	7	3	4	6	0
Oral Hygiene	**11**	**12**	**6**	**4**	**8**	**10**	**5**
Color Cosmetics	16	10	7	4	9	7	5
Other Toiletries	**16**	**14**	**5**	**6**	**7**	**11**	**1**
Total Remedials	12	11	5	8	4	5	2
Cough/Cold/Flu/Sinus	**14**	**12**	**12**	**16**	**6**	**6**	**4**
Analgesics/Digestive/Other	13	11	3	5	3	5	1
External Medicines	**8**	**10**	**7**	**3**	**3**	**5**	**2**
Total Paper Goods	16	25	11	4	14	13	7
Total Selected Sundries	**13**	**12**	**6**	**4**	**10**	**16**	**−1**
Weighted Unit Sales Trends							
Total Nielsen Health & Beauty Aid Index	5	5	−1	1	3	5	−1
Total Toiletries/Personal Care	**6**	**5**	**−1**	**0**	**4**	**6**	**−1**
Men's Products	4	0	−3	2	3	7	−2
Skin Care	**6**	**5**	**−4**	**−2**	**2**	**5**	**−2**
Hair Care	8	8	1	−1	3	7	−1
Oral Hygiene	**2**	**3**	**−1**	**2**	**6**	**11**	**−2**
Color Cosmetics	8	3	0	0	7	5	5
Other Toiletries	**6**	**3**	**−1**	**0**	**3**	**7**	**−3**
Total Remedials	4	3	−2	1	−1	0	−2
Cold/Cough/Flu/Sinus	**6**	**2**	**0**	**8**	**1**	**2**	**−2**
Analgesics/Digestive/Other	4	2	−4	0	−2	−1	−2
External Medicines	**−1**	**11**	**1**	**−2**	**0**	**2**	**1**
Total Paper Goods	4	12	4	−1	8	9	3
Total Selected Sundries	**6**	**11**	**0**	**2**	**9**	**16**	**0**
Weighted Average Apparent Price Trends							
Total Nielsen Health & Beauty Aid Index	9	9	8	5	3	3	3
Total Toiletries/Personal Care	**9**	**9**	**7**	**5**	**2**	**2**	**3**
Men's Products	13	11	9	6	3	2	3
Skin Care	**10**	**9**	**7**	**4**	**3**	**2**	**3**
Hair Care	10	11	7	4	1	2	1
Oral Hygiene	**9**	**9**	**7**	**2**	**2**	**0**	**8**
Color Cosmetics	7	7	7	5	1	2	0
Other Toiletries	**9**	**10**	**7**	**6**	**4**	**4**	**5**
Total Remedials	9	8	9	7	5	5	4
Cold/Cough/Flu/Sinus	**7**	**10**	**12**	**9**	**5**	**5**	**6**
Analgesics/Digestive/Other	10	9	8	6	5	5	4
External Medicines	**9**	**4**	**6**	**6**	**3**	**3**	**2**
Total Paper Goods	12	12	6	4	5	5	4
Total Selected Sundries	**8**	**3**	**7**	**3**	**1**	**0**	**−1**
	Year Ended Dec. 31					First 6 Months	

Source: Nielsen Retail Index

Nielsen HBA Index Sales Trends: Category Growth Within Drug Stores

(First 6 months 1985 % Change Vs. Yr. Ago)

3 Categories Showing Major Unit Sales Increases (=10% or Greater Increase)

- Early Pregnancy Tests
- Ethnic Hair Preps
- Nail Color

18 Categories Showing Unit Sales Increases (Up to +10% Increase)

- Sleeping Tablets
- Lip Make-Up
- Face Make-Up
- Diarrhea Remedies
- Depilatories
- Internal Analgesics
- Mouthwash
- Premoistened Towelettes
- Sanitary Protection
- Feminine Douches
- Disposable Diapers
- Foot Remedies
- Bandages
- Topical Hydrocortisones
- Stomach Remedies/Antacid
- Cotton Swabs
- Eye Make-Up
- Dental Floss

37 Categories Showing Unit Sales Decreases (Up to −10% Decrease)

- Men's Hair Preparations
- Sunglasses
- Sinus Remedies
- Batteries
- Blades & Razors
- Women's Fragrances
- Dentifrice
- Acne Remedies
- Hemorrhoid Preparations
- Pet Flea Collars
- Cold Remedies
- After Shampoo
- Nasal Spray
- Hand & Body Lotion
- Face Creams & Lotions
- Toothbrushes
- Laxatives
- Shaving Cream
- External Analgesics
- Vitamins
- After Shave Lotion/Cologne
- Chapped Lip Preps
- Eye Drops & Lotions
- Hair Fixatives
- Deodorants
- Throat Lozenges
- Arthritic Remedies
- Women's Contraceptives
- Bath Oil
- Dental Cleansers
- Talc/Dusting Powder
- Cough Syrup
- Cough Drops
- Denture Adhesives
- Shampoo
- Home Wave Kits
- Hair Color

1 Category Showing Major Unit Sales Decreases (−10% or Greater Decrease)

- Dieting Aids

Source: A. C. Nielsen Index

Of the 59 categories that currently compose the Nielsen HBA Index, a total of 21 are showing unit sales gains for the first half of 1985. Early pregnancy test kits, ethnic hair preparation and nail color are showing unit sales gains of over 10%.

Other fast moving categories in drug stores, not included in the Nielsen HBA Index, are mousse, soft contact lens solution, disposable insulin syringes and carbonated beverages.

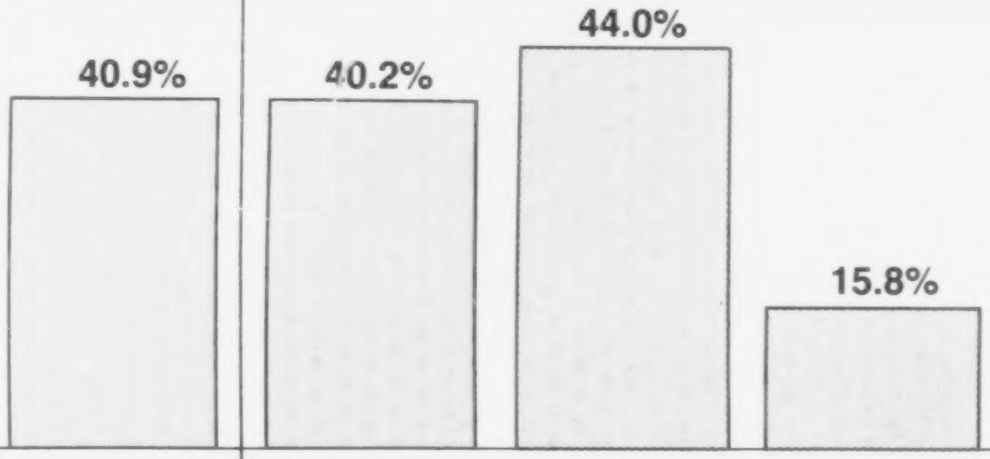
The index average is a 1% decline for unit sales in drug stores. Thirty-eight categories are showing unit sales declines for the first half of 1985.

RAGRANCES
DISCOUNT
NAIL CARE
COSMETICS
cover girl
may

Drug stores accounted for 40.2% of three outlet total Nielsen HBA index dollar sales in 1984. This was slightly less than in 1983. Mass merchandisers made the largest gains in share of HBA business.

Of the 30 selected categories listed, drug stores improved their share of sales in just 10. Mousse, a relatively new category on the market, does 51.8% of sales through drug outlets. Food outlets had sales share gains in 12 of the 30 categories while mass merchandisers showed gains in 23 categories during 1984.

Drug Store Share of Selected HBA Category Dollar Sales

	1983	1984		
	Drug	Drug	Grocery	Mass Merchandiser
Total Nielsen HBA Index 	40.9%	40.2%	44.0%	15.8%
Selected Individual Categories				
Topical Hydrocortisone	70.3	69.4	22.3	8.3
Foot Remedies	67.0	65.6	25.3	9.1
Color Cosmetics	62.0	59.9	16.6	23.5
Face Creams & Lotions	59.0	58.4	24.8	16.8
Hair Color	58.8	58.3	19.1	22.6
After Shave Lotions/Colognes	59.4	58.0	16.8	25.2
Ethnic Hair Preparations	57.6	57.2	24.2	18.6
Sun Glasses	55.5	55.1	19.9	25.0
Home Wave Kits	54.1	54.4	19.8	25.8
Mousse	NA	51.8	34.1	14.1
Laxatives	52.7	50.8	40.1	9.1
Stomach Remedies/Antacids	50.3	49.7	41.6	28.7
Cold Remedies	49.6	48.9	42.9	8.2
Bath Oil	50.3	48.6	34.0	17.4
Hand & Body Lotions	48.2	47.3	36.7	16.0
Feminine Douches	42.5	41.6	40.8	17.6
Sinus Remedies	38.2	38.7	51.4	9.9
Men's Hair Preparations	38.1	38.6	46.0	15.4
After Shampoo	38.6	37.7	42.9	19.4
Internal Analgesics	38.0	37.2	52.9	9.9
Hair Fixatives	31.1	31.8	47.7	20.5
Shaving Cream	31.9	31.8	49.4	18.8
Blades & Razors	29.3	29.8	52.0	18.2
Mouthwash	28.3	29.0	54.3	16.7
Deodorants	28.2	28.7	52.1	19.2
Shampoo	29.0	28.5	52.5	19.0
Sanitary Protection	24.9	25.5	60.1	14.4
Dentifrice	21.2	22.3	61.9	15.8
Premoistened Towelettes	18.4	17.4	61.4	21.2
Disposable Diapers	10.4	10.9	76.9	12.2

Year Ended Dec. 31

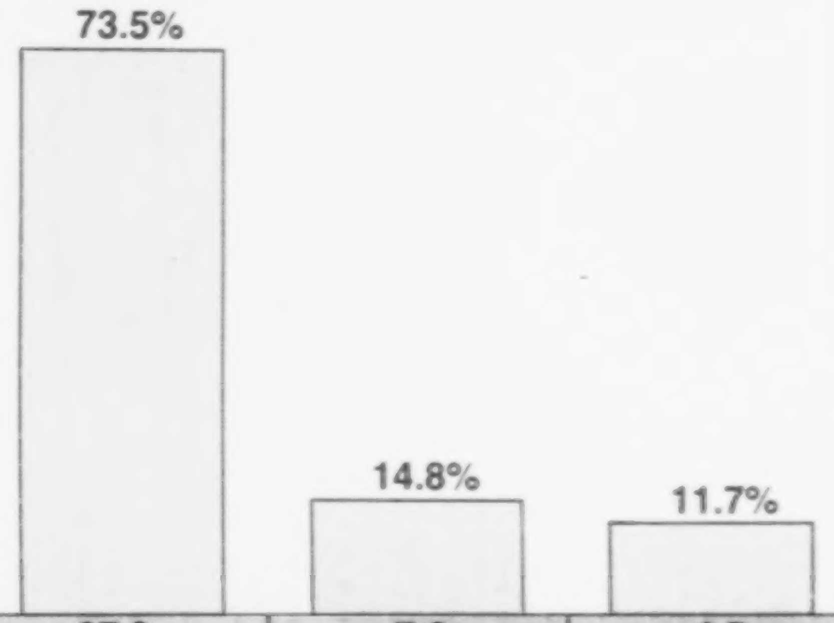
Source: Nielsen Retail Index

Division of Selected HBA Category Sales By Drug Store Type

(chains vs. independents)

1984

Total Nielsen HBA Index



Selected Individual Categories	Drug Chains	Independents Over $500,000	Independents Under $500,000
Disposable Diapers	87.9	7.6	4.5
Ethnic Hair Preparations	85.6	10.3	4.1
Mousse	85.2	11.3	3.5
After Shampoo	84.7	10.5	4.8
Hair Color	84.1	10.3	5.6
Premoistened Towelettes	84.1	10.0	5.9
Hair Fixatives	83.3	10.7	6.0
Deodorants	82.6	10.8	6.6
Dentifrice	81.8	10.8	7.4
Home Wave Kits	81.3	11.9	6.8
Shampoo	80.1	12.2	7.7
Blades & Razors	79.0	11.9	9.1
Color Cosmetics	79.0	14.1	6.9
Sanitary Protection	78.9	12.3	8.8
Men's Hair Preparations	78.9	12.9	8.2
Face Creams & Lotions	78.2	13.8	8.0
Shaving Cream	77.4	13.0	9.6
After Shave Lotions/Colognes	77.1	14.8	8.1
Feminine Douches	77.0	13.4	9.6
Mouthwash	76.9	12.4	10.7
Hand & Body Lotions	74.4	15.1	10.5
Bath Oil	74.0	15.6	10.4
Sinus Remedies	69.2	16.1	14.7
Sunglasses	67.2	17.3	15.5
Topical Hydrocortisone	66.8	17.1	16.1
Internal Analgesics	66.1	16.8	17.1
Cold Remedies	65.7	17.7	16.6
Foot Remedies	64.6	18.4	17.0
Laxatives	61.6	18.5	19.9
Stomach Remedies/Antacids	60.8	19.1	20.1
	Year Ended Dec. 31		

Source: Nielsen Drug Index

Chain drug stores accounted for 73.5% of Nielsen HBA Index dollar sales during 1984. Large drug independents had a 14.8% share while smaller independents had the rest: an 11.7% share.

For the selected individual categories listed, chains dominate sales: 87.9% of disposable diaper dollar sales volume goes through chain stores. However, there are differences, only 60.8%, of stomach remedies and antacids, for instance, were sold through chain outlets.

Comparing indexed average dollar sales per capita by Nielsen Retail Marketing area gives an indication of where consumers spend more per capita on HBA items. Based on total 1984 food/drug combined dollar sales of the categories in the Nielsen HBA Index, the following areas of the country have higher than average sales indices: Baltimore/Washington (116), Florida/South Georgia (110), Dallas/Houston (134) and the western areas of the country.

Lower than average indices are found in New York, and parts of the Mid-Atlantic, Midwest and Mountain States.

A comparison of food/drug combined HBA sales indices with drug store indices gives an indication of where drug stores have a higher or lower developed HBA consumer sales franchise.

Examples of well developed drug store franchises include New England, New York City, Baltimore/Washington, Cleveland, Chicago, Florida/South Georgia, and northern California.

Consumer Spending In Selected HBA Category Groups—By Nielsen Retail Dollar Marketing Area

(per capita sales indexed to total U.S.)

	Total Nielsen HBA Index Categories		Toiletries And Personal Care		Remedial Products	
	Food/Drug Combined	Drug	Food/Drug Combined	Drug	Food/Drug Combined	Drug
Total U.S.	100	100	100	100	100	100
New England	99	105	97	106	96	105
New York City	80	89	84	92	75	89
Albany/Buffalo	88	87	85	81	84	87
Philadelphia	99	85	100	81	99	85
Baltimore/Washington	116	141	121	139	112	141
Pittsburg	81	82	77	77	89	82
Cleveland	94	112	95	105	91	112
Detroit/Grand Rapids	83	75	78	69	83	75
Indianapolis/Cincinnati/ Lexington	89	99	87	94	93	99
Chicago	102	115	106	114	98	115
St. Louis/Peoria	76	67	70	63	84	67
Kansas City/ Omaha/Iowa	82	69	72	61	95	69
Minneapolis/Wisconsin	82	84	76	79	86	84
Denver/Mountains	87	57	82	59	91	57
Virginia/Carolinas	95	99	95	103	98	99
Florida/South Georgia	110	117	114	121	108	117
Georgia/Alabama	93	93	92	93	101	93
Delta	85	82	83	81	90	82
Alburquerque/ San Antonio	93	49	87	47	96	49
Dallas/Houston	134	121	145	132	129	121
Southern California	132	129	140	137	118	129
Boise/Salt Lake City/Phoenix	124	120	124	122	128	120
Northern California	147	183	152	187	142	183
Seattle/Portland	111	110	110	114	113	110

Year Ended Dec. 31, 1984

Source: Nielsen Retail Index

Chapter IV: H&BA-Inventory Trends

Nielsen HBA Index: Inventory Trends in Drug Stores

Weighted Average Inventory Level Trends							
Total Nielsen HBA Index	1%	1%	−3%	−2%	2%	3%	3%
Total Toiletries & Personal Care	2	1	−2	0	3	3	4
Men's Products	0	−5	−7	−3	4	4	2
Skin Care	−4	1	−1	−1	−3	−3	0
Hair Care	3	3	0	3	4	4	6
Oral Hygiene	−2	2	−2	−2	5	6	5
Color Cosmetics	8	−3	2	−3	2	−1	6
Other Toiletries	0	1	−4	−1	4	5	2
Total Remedials	−3	2	−6	−4	1	1	1
Cough/Cold/Flu/Sinus	−6	−2	−4	−3	0	2	0
Analgesics/Digestive/Others	−1	1	−7	−4	1	2	0
External Medicines	−4	15	−3	−8	−4	−5	3
Total Paper Goods	3	−3	−1	1	6	5	4
Total Selected Sundries	6	2	−4	−1	4	5	7
Weighted Annual Average Inventory Stock Turns							
Total Nielsen HBA Index	4.0	4.1	4.3	4.4	4.4	4.5	4.4
Total Toiletries & Personal Care	3.7	3.9	3.9	3.9	3.9	4.0	3.8
Men's Products	3.7	3.9	4.1	4.2	4.2	4.3	4.1
Skin Care	3.8	4.0	3.9	3.9	4.1	4.3	4.2
Hair Care	4.1	4.4	4.4	4.3	4.3	4.3	4.1
Oral Hygiene	5.1	5.1	5.1	5.3	5.3	5.4	5.0
Color Cosmetics	2.1	2.2	2.2	2.2	2.3	2.3	2.3
Other Toiletries	3.6	3.7	3.8	3.8	3.8	3.9	3.7
Total Remedial	4.2	4.1	4.3	4.6	4.5	4.7	4.7
Cough/Cold/Flue/Sinus	3.7	3.9	4.1	4.5	4.5	5.1	5.0
Analgesics/Digestive/Others	4.5	4.2	4.4	4.6	4.5	4.6	4.5
External Medicines	4.1	4.1	4.1	4.4	4.6	4.5	4.5
Total Paper Goods	5.7	6.6	7.1	6.9	7.1	7.0	7.1
Total Selected Sundries	3.5	4.2	4.6	5.0	4.9	5.1	4.7
Weighted Annual Average Stock Turn Trends							
Total Nielsen HBA Index	5%	4%	4%	2%	1%	2%	−3%
Total Toiletries & Personal Care	5	4	1	0	1	3	−5
Men's Products	4	6	4	5	−1	3	−4
Skin Care	11	4	−3	0	6	9	−2
Hair Care	5	5	0	−3	0	1	−6
Oral Hygiene	4	1	2	4	1	4	−7
Color Cosmetics	0	7	−2	2	5	6	−1
Other Toiletries	6	2	4	0	0	2	−5
Total Remedials	7	2	4	6	−1	0	−2
Cold/Cough/Flu/Sinus	13	5	5	10	2	0	−2
Analgesics/Digestive/Others	5	1	3	5	−2	−1	−2
External Medicines	3	0	4	7	5	7	−1
Total Paper Goods	1	15	6	−1	4	3	1
Total Selected Sundries	0	8	10	8	−2	5	−8
	1980	1981	1982	1983	1984	1984	1985
	Year Ended Dec. 31					First 6 Months	

Source: Nielsen Retail Index

Drug store inventory levels grew by an average of 2% during 1984, most of this was in response to increasing rates of sales as inventory stockturns remained steady.

As a result of a sales slowdown in 1985, however, or at least measuring against a strong year ago, average inventory levels are up 3% for the first half of the year and stockturns have fallen by 3%.

Average inventory levels for the three outlets combined were up 4% during 1984, in response to increasing sales rates. All outlets increased levels. Stockturn rates also increased slightly indicating that inventories were managed efficiently in spite of the build ups.

During the first half of 1985, average industry levels have increased another 2%, with stockturn rates about the same as last year.

Nielsen HBA Index Inventory Trends Food, Drug and Mass Merchandise Stores

(% change vs. year ago)

Total Nielsen HBA Index Weighted Average Inventory Level Trends							
3 Outlets Combined	1%	3%	−2%	3%	4%	5%	2%
Drug Outlets	1	1	−3	−2	2	3	3
Food Outlets	4	5	1	5	3	5	0
Mass Merchandiser	−2	6	−4	10	9	14	2
Weighted Annual Average Inventory Stockturns							
3 Outlets Combined	6.4	6.5	6.8	6.9	7.0	7.0	7.0
Drug Outlets	14.0	4.1	4.3	4.4	4.4	4.5	4.4
Food Outlets	10.1	10.2	10.5	10.7	10.8	10.7	10.9
Mass Merchandiser	5.8	5.7	6.2	6.3	6.4	6.3	6.4
Weighted Annual Average Stockturn Trends							
3 Outlets Combined	4%	2%	5%	2%	1%	2%	0%
Drug Outlets	5	4	4	2	1	2	−3
Food Outlets	1	2	4	2	1	1	2
Mass Merchandiser	5	−1	9	1	1	2	1
	1980	1981	1982	1983	1984	1984	1985
	Year Ended Dec. 31					First 6 months	

Source: A. C. Nielsen Retail Index

Typical New Product Flow Through Distribution Pipeline

(One Health Care SKU—New Line Extension)

Total U.S.—Unadjusted for Coverage

SHIPMENTS/SALES (000)						
Factory Shipments	210.3	293.0	94.6	117.5	128.4	140.1
Retail Sales (Food/Drug/Mass Merchandiser)	—	26.6	75.9	103.5	128.9	145.1
Retail Sales As % of Shipments	—	9%	80%	88%	100%	104%
INVENTORY LEVELS (000)						
Total Inventory	—	250.6	317.6	312.0	288.7	365.9
Retail Inventory	—	79.7	142.9	159.4	152.4	180.3
Wholesale Inventory	—	170.8	174.7	152.6	136.3	185.6
MONTHS SUPPLY						
Total Inventory	—	18.8	8.4	6.0	4.5	5.0
Retail Inventory	—	6.0	3.8	3.1	2.4	2.5
Wholesale Inventory	—	12.8	4.6	2.9	2.1	2.6
	June	Jul-Aug	Sep-Oct	Nov-Dec	Jan-Feb	Mar-Apr

Source: **Nielsen Warehouse Inventory Service**, Nielsen Retail Index

Product availability at the retail level is crucial to the success of both manufacturers and retailers: out of stocks cause both consumer dissatisfaction and the loss of retail sales.

The chart on this page illustrates how pipeline inventory levels change as a typical new item is introduced.

For the product traced here, a nonseasonal health care item, total inventory levels appear to have stabilized at the end of the sixth month. At that point, retail inventories represent approximately 50% of total retail/wholesale inventory levels.

Months supply, which is a measurement of how long it would take to deplete inventories at the current rate of retail sales, appears to be leveling off at 2.5 months at the retail level and at a similar 2.6 months at the wholesale level.

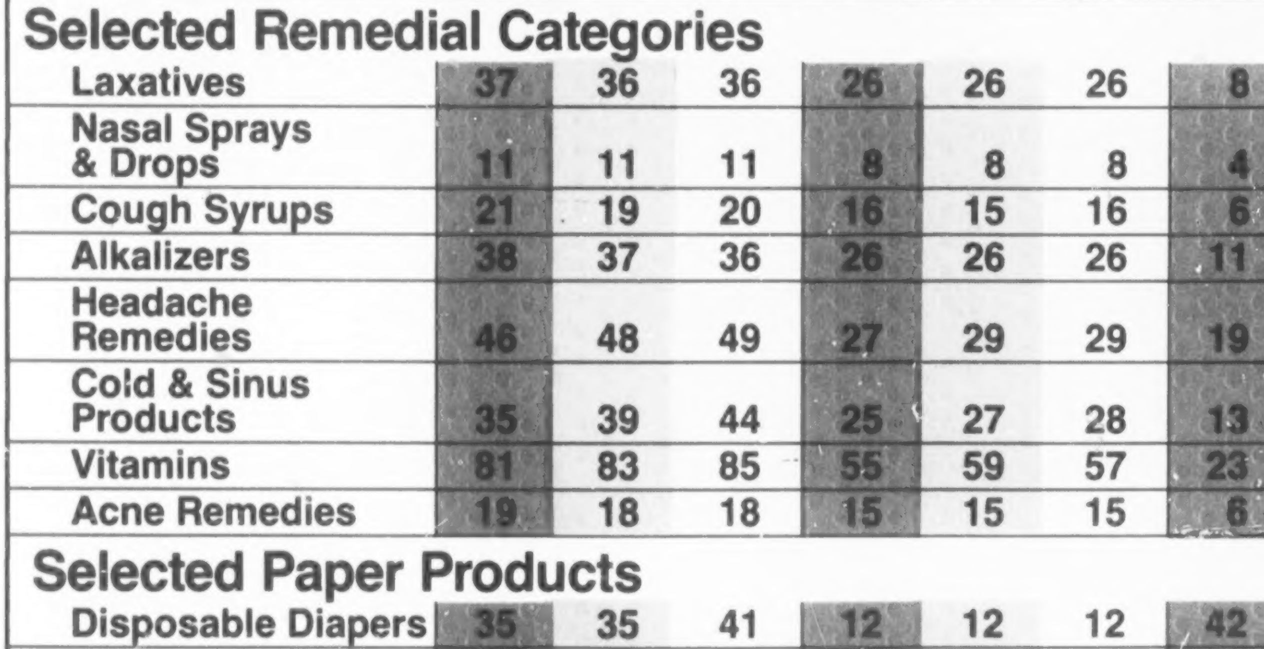
Chapter V: Space Allocation

Average Linear Shelf Space Allocations For Select HBA Categories

(chain and independent drug stores vs. food vs. mass merchandise stores)

	Drug Chains			Drug Large Independents			Food Chains Over $1Mil			Mass Merchandisers		
	1982	1983	1984	1982	1983	1984	1982	1983	1984	1982	1983	1984
Selected Toiletries & Personal Care												
After Shave Lotions & Cologne	31	31	30	28	27	27	5	6	3	19	22	21
Shaving Cream	20	19	20	12	12	11	9	9	10	19	18	21
Face Creams & Lotions	26	25	28	18	18	16	11	12	8	14	16	16
Hand&Body Lotions	31	30	33	16	15	18	7	7	12	21	22	25
Shampoo	69	69	71	35	34	35	37	40	39	65	70	73
Hair Coloring	68	64	65	35	35	35	14	15	16	50	56	53
Hair Fixatives	37	39	39	15	15	16	16	17	18	39	41	44
Hair Preparations (Inc. Ethnic)	70	71	68	34	33	29	24	28	29	56	58	57
Home Wave Kits	18	17	17	11	10	9	5	5	5	16	17	16
Mouthwash	35	32	32	13	13	13	18	19	18	33	30	32
Denture Adhesives/ Cleansers	26	26	25	17	15	14	10	10	10	16	16	16
Dentrifices	41	42	43	18	18	17	26	29	29	34	37	38
Deodorants	61	60	61	30	29	30	34	36	36	57	59	58
Selected Remedial Categories												
Laxatives	37	36	36	26	26	26	8	9	9	14	13	15
Nasal Sprays & Drops	11	11	11	8	8	8	4	4	4	5	5	5
Cough Syrups	21	19	20	16	15	16	6	6	7	8	8	9
Alkalizers	38	37	36	26	26	26	11	12	12	18	19	20
Headache Remedies	46	48	49	27	29	29	19	21	22	27	28	32
Cold & Sinus Products	35	39	44	25	27	28	13	15	15	18	19	22
Vitamins	81	83	85	55	59	57	23	29	31	35	42	47
Acne Remedies	19	18	18	15	15	15	6	6	7	9	11	10
Selected Paper Products												
Disposable Diapers	35	35	41	12	12	12	42	48	48	49	60	58
Sanitary Goods	62	60	65	30	31	31	38	41	42	60	61	71
Selected General Merchandise												
Motor Oil	15	14	14	6	5	5	16	15	13	44	47	54
Health & Diet Foods	31	24	23	14	13	9	65	72	61	14	11	16

Source: Nielsen Retail Index Survey



In drug chains, face creams and lotions, hand and body lotions, cold and sinus products, disposable diapers and sanitary production all gained over 3 linear feet of space on a per-store basis. Only hand and body lotions gained space in drug independent stores.

Average Dollar Sales Per Linear Foot Of Space Allocation Per Month

(chain and independent drug stores vs. food vs. mass merchandise stores)

	Drug Chains		Drug Large Independents		Food Chains Over $1 Mil		Mass Merchandisers	
	1983	1984	1983	1984	1983	1984	1983	1984
Selected Toiletries & Personal Care								
Shaving Cream	$14.34	$14.54	$ 7.07	$ 7.14	$ 31.48	$ 28.37	$22.18	$21.72
Face Creams & Lotions	42.75	38.53	24.18	19.43	46.79	41.90	52.07	52.67
Hand and Body Lotions	23.32	22.98	14.21	13.75	32.25	41.63	29.90	29.07
Shampoos	23.20	22.85	12.94	11.35	48.07	50.85	39.11	38.92
Hair Coloring	17.86	17.45	7.42	6.41	20.24	20.38	19.74	20.77
Hair Preparations	20.04	20.91	10.51	10.25	36.77	42.25	29.64	31.16
Home Wave Kits	21.85	17.19	10.93	7.86	19.17	17.15	28.12	28.47
Mouthwash	15.67	17.03	11.43	10.90	35.93	38.89	26.87	26.91
Dentifrice	22.11	23.52	12.24	12.71	62.75	62.63	47.96	48.43
Denture Adhesives/Cleaners	20.02	21.08	10.57	10.45	33.64	33.75	19.84	28.06
Deodorants	23.26	24.56	11.31	10.62	46.38	49.11	41.14	46.70
Selected Remedial Products								
Laxatives	29.76	30.39	21.68	20.27	37.91	41.32	32.63	29.14
Nasal Sprays & Drops	25.99	26.87	16.15	16.02	42.91	58.99	38.14	28.84
Alkalizers	29.36	30.37	22.73	20.92	53.97	59.55	30.20	29.62
Headache Remedies	43.96	47.98	33.63	33.75	90.92	97.03	64.33	62.76
Vitamins	25.52	23.74	20.25	18.00	30.00	28.85	29.25	26.05
Acne Remedies	20.79	19.23	10.66	8.84	32.89	28.21	19.94	21.59
Selected Paper Products								
Disposable Diapers	36.98	31.82	15.81	16.24	100.24	109.93	50.88	59.91
Sanitary Protection	23.17	23.93	13.19	12.62	52.09	52.98	33.12	32.70

End of April basis for space allocation. Year ended Dec. 31 for sales

Source: Nielsen Retail Index Survey

Headache remedies continue to generate the highest sales per linear foot in chain drug stores at $47.98 per month. This is followed closely by face creams and lotions ($38.53), disposable diapers ($31.82), laxatives ($30.39) and alkalizers ($30.37).

Headache remedies are also one of the best sellers in large independent drug outlets generating $33.75 per linear foot in 1984.

Average Annual Inventory Turnover

(chain and independent drug stores vs. food vs. mass merchandise stores)

	Drug Chains		Drug Large Independents		Food Chains Over $1 Mil		Mass Merchandisers	
	1983	1984	1983	1984	1983	1984	1983	1984
Selected Toiletries & Personal Care								
Shaving Cream	6.1	5.6	3.3	3.4	10.6	9.3	7.6	6.9
Face Creams & Lotions	4.8	4.8	2.6	2.6	6.5	6.5	5.7	5.7
Hand & Body Lotions	5.4	5.5	2.9	3.1	7.6	6.0	5.9	6.4
Shampoo	5.0	4.8	3.1	3.0	10.0	9.5	6.8	6.5
Hair Coloring	4.3	4.0	2.2	2.2	4.0	3.9	4.3	4.1
Hair Preparations	4.7	4.7	2.9	2.9	7.4	6.7	5.7	6.4
Home Wave Kits	4.9	4.6	3.1	2.9	4.6	4.7	5.9	5.8
Mouthwash	6.6	6.5	4.1	4.7	11.5	11.4	7.7	8.3
Dentifrice	6.3	6.0	4.2	4.4	13.9	11.3	8.3	7.9
Denture Adhesives/Cleansers	6.9	6.7	4.0	3.9	8.7	8.3	8.4	7.1
Deodorants	6.0	6.0	3.2	3.5	9.9	9.6	7.3	7.2
Selected Remedial Products								
Laxatives	7.2	6.7	4.6	4.4	8.3	7.9	6.3	5.7
Nasal Sprays & Drops	5.9	5.7	3.4	3.4	6.7	6.1	5.4	5.2
Alkalizers	6.8	6.3	3.7	3.7	7.8	7.6	6.1	5.4
Headache Remedies	7.1	6.4	4.1	4.0	9.9	9.0	6.5	6.0
OTC Vitamins	4.3	4.0	3.0	2.8	5.0	4.7	4.5	4.5
Acne Remedies	5.5	5.2	3.1	3.0	6.5	6.3	5.4	4.6
Selected Paper Products								
Disposable Diapers	9.9	11.2	4.4	4.8	33.5	35.0	8.8	11.1
Sanitary Protection	6.7	6.3	4.0	3.7	14.3	13.5	7.1	7.4

Year Ended Dec. 31

Source: Nielsen Retail Index

glassware
housewares
light bulbs
stationery
paint
hosiery
baby needs
health aids
dental needs
toiletries
feminine prod.
beauty aids
ShopRite
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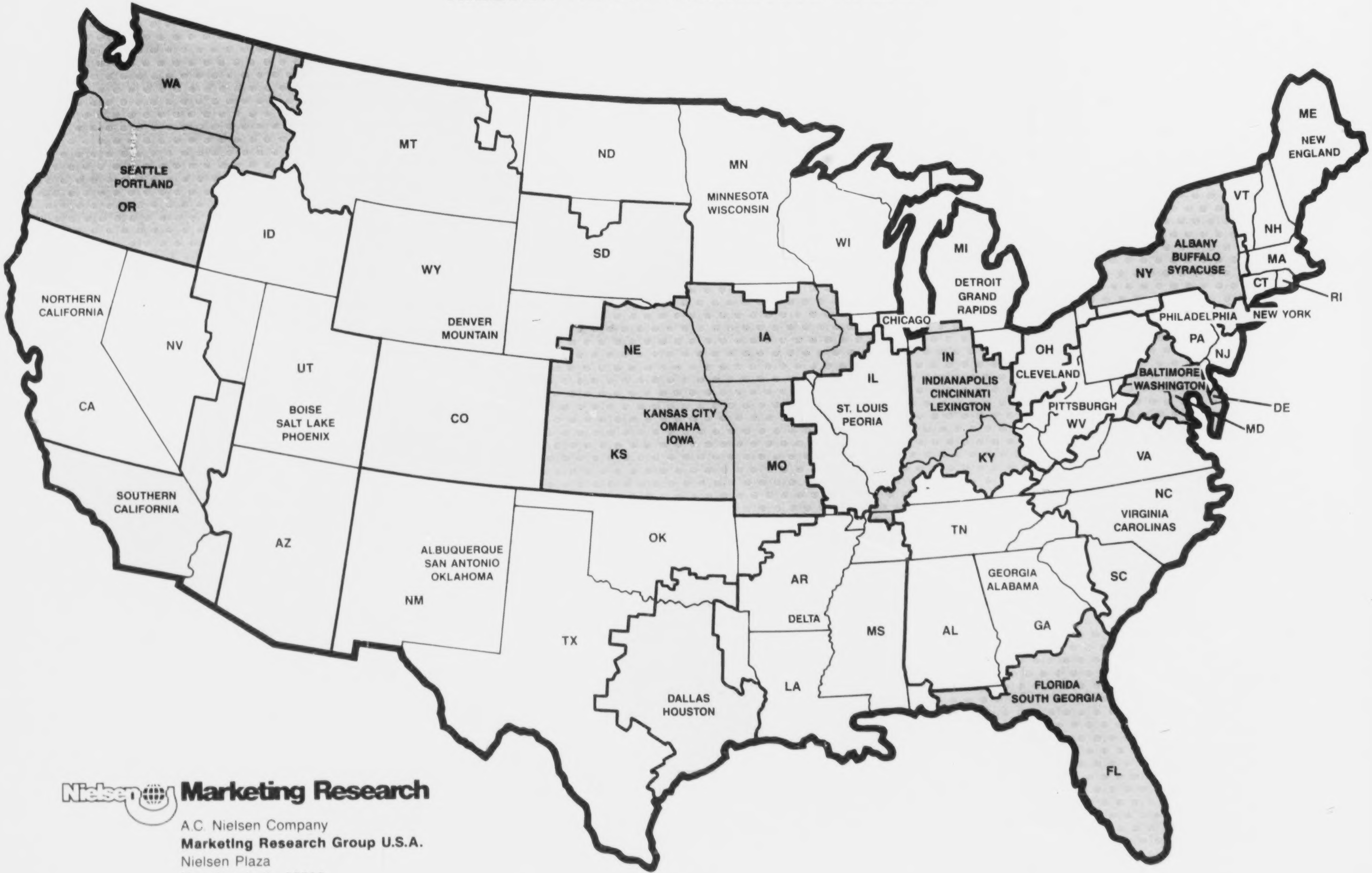
NIELSEN RETAIL MARKETING AREAS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DRUG STORE NEWS

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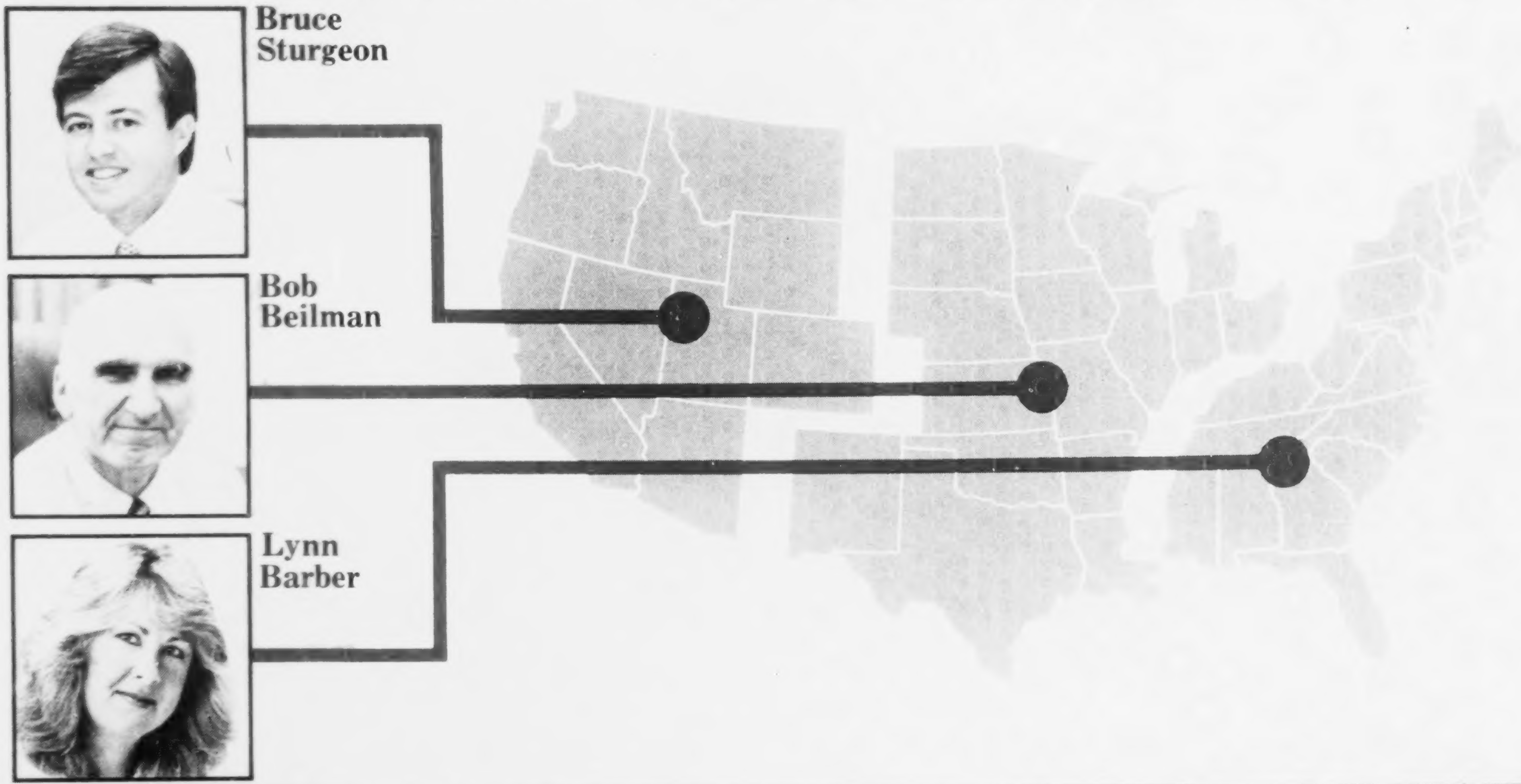

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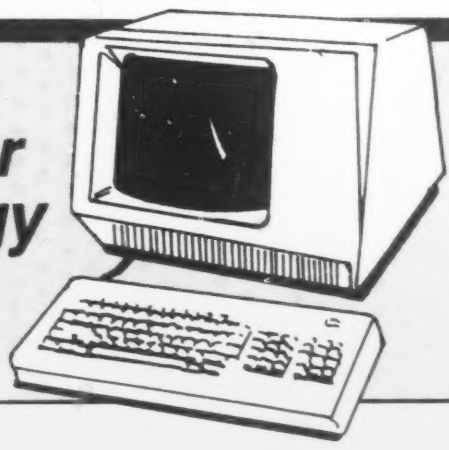
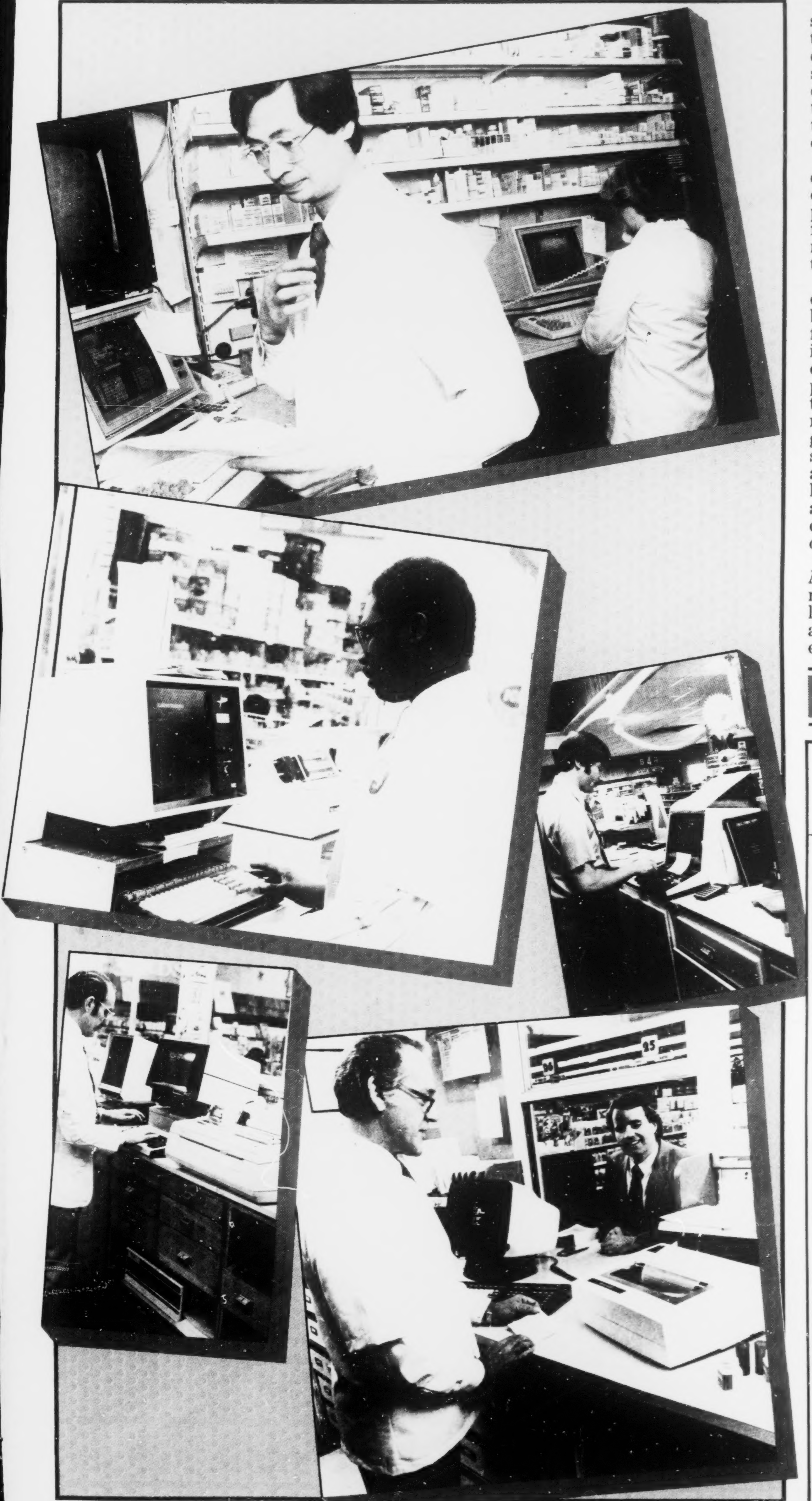


PHARMACY

Automated future to ease retail Rx operations



NEW YORK — The drug store industry, which is close to making the use of pharmacy computers standard in most stores, is now on the threshold of a new technology evolution: the use of in-store computers to automate the entire retail operation.

Most of the industry's major data processing information executives think that the pharmacy computer will be a fact of life in all stores that need them within the next three to five years.

Within 5 to 10 years, most data processing executives believe that the computer's functions will be expanded to include controlling the front end, monitoring individual product movement and inventory status, grinding out payroll and other accounting programs, and eventually supplying data that will lead to an entire merchandising revolution: the allocation of shelf and warehouse space based entirely on sku movement out of individual stores.

According to *Drug Store News'* first Computer Technology Survey, approximately 27% of retailers responding are engaged in some form of experimentation with in-store computer link-ups to point-of-sale terminals. Nine out of 10 said they believed that in-store computers had to be linked to the point-of-sale terminals for retailers to realize the maximum benefits from their technology investments.

More than half the respondents estimated that they would have pharmacy computers in 75% to 100% of their stores by the end of April 1986. A third indicated that they would have electronic point-of-sale terminals in 50% to 100% of their stores and that they would be integrating their computers to their front ends by the end of April 1986.

"The technology is changing so rapidly," says Bob Ramsden, vp of operating systems for Eckerd Drug, "that every day the equipment gets more cost efficient. The same amount of disc storage today costs about a fourth less than it did, say, five years ago.

"We think there are major savings to be secured from using the computer to do such things as register checkouts, mail transfers, price lookups, payrolls and scheduling, etc."

"There is no question that POS is up and coming," says

Continued on page 96

Status of Rx computers in chain drug stores

	# computerized units		% units computerized	
	1985	1986 est.	1985	1986 est.
Walgreens	1,078	1,176	98%	98%
Eckerd	550	1,100	37	69
Revco	530	800	29	40
Thrift	346	366	94	94
SupeRx	210	420	35	75
Peoples	200	350	26	41
Rite Aid	200	450	15	31
Hook	174	290	57	91
Pay Less NW	158	187	100	100
Perry	153	206	85	100
Big B	113	133	100	100
Gray Drug Fair	92	230	21	48
Medicare-Glaser	90	90	96	100
Genovese	78	86	100	100
Pay 'n Save NW*	70	71	88	87
Carl's	43	50	100	100
Standard	42	48	100	100
Welby Super Drug	37	42	100	100
Taylor	32	48	70	100
Kinney	26	28	100	100
Community Distributors	21	27	95	100
CVS	18	n.a.	5	n.a.
Harco	16	45	30	75
K & B	15	65	11	45
Bartell	15	18	57	64
Douglas	11	11	100	100
Crown	10	18	63	100
White	4	7	13	21
Dart	0	12	0	16

*Excludes Pay 'n Save stores in Hawaii and Alaska

Source: *Drug Store News*

Next revolution: fully automated drug stores

Continued from page 95

Norm Everett, vp of management information systems for Dart Drugs in Landover, Md. "A POS system would be particularly important to us because our average register sale is several items and it would improve checkout efficiency. But also we advertise about 600 items every week, so it would be a great help just to download those price changes right through the computer."

At Rite Aid, where 175 stores are already fully integrated with the front end, the chain is already realizing what Duane Ruble, sr vp of administration, calls "significant savings" from the link-up.

"The system is giving us reports by department. We can compare cashier to cashier. We are downloading price changes for ads. We're very positive about our savings to date, but we won't have our maximum savings until the whole system is up and until we have fully automated the stores.

"We have the capacity for a lot of things that we're not doing now. We feel there are more basic things to do first, so we're prioritizing the systems we put in, but down the line we'll be doing inventory control, gross profit dollar and margin analysis, ad sell throughs and so on.

"In three to five years, the POS/computer link-up will be in place with all the big guys," says Don Gross, vp of marketing and distribution for Genovese Drug Stores. "It's a necessity."

Most chain drug executives believe that the POS/in-store computer integration will spread through the industry even faster than pharmacy computers have.

Justifying cost

In the first place, the cost of the technology is falling rapidly while the efficiency of the various hardware and software systems now available is improving almost daily.

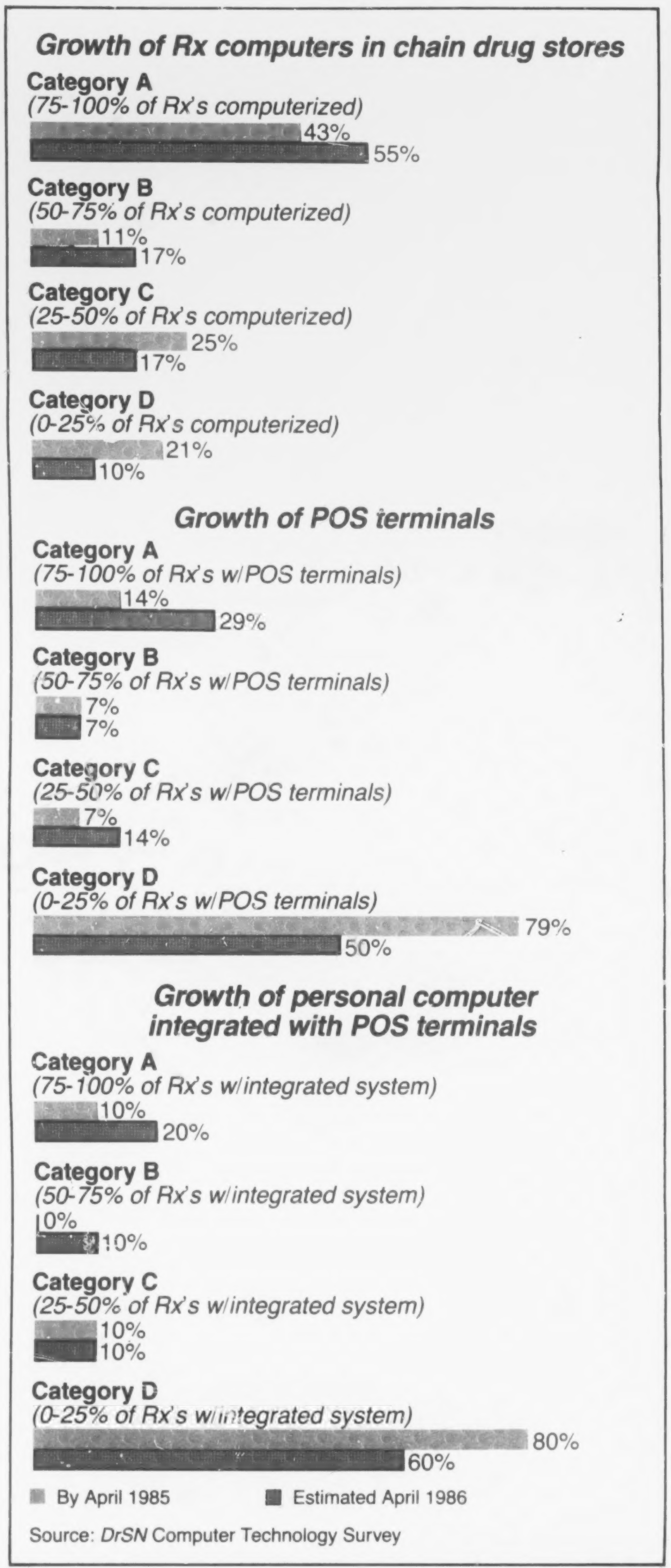
At presstime, as a matter of fact, NCR was preparing to introduce an in-store personal computer that could handle pharmacy applications as well as store and front-end management and would cost approximately $7,000. Normally such systems sell for between $20,000 and $35,000.

"Today, it probably costs the average chain about $35,000 to automate a store," says Eckerd's Ramsden, "five years ago, it would have cost $60,000 to $70,000. Today we're probably just about $10,000 away from the point where automation will be cost justifiable for just about any store doing over $2 million a year in sales."

"If it's not cost justifiable at this point, then we'll wait for prices to come down some more, but we won't know what our savings will be until we put the system up," said Bruce Waterman, asst. vp and director of management information for Hook Drug in Indiana. Waterman says that Hook will probably launch its first computer/POS test in late 1986 so the chain can begin developing the right software. "We want to be in position with our software so we can take advantage of the hardware when the price is right," he says.

Another reason to believe that the evolution will happen quickly is because most of the major chains already have various pieces of the puzzle in place within their stores. Most chains already have pharmacy computers in many, if not the majority of their stores, and

Continued on page 98



Source: *DrSN* Computer Technology Survey

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Computers update chains on price changes

Continued from page 96

many chains also have sophisticated front-end systems that are either ready now or are upgradable to computer linkups as well as scanning.

"Those who are going to go into full store automation," says Revco's vp of management information Scott Leeseberg, "will do it within the next four to five years because they'll be in position to bring all these different types of systems together in their stores.

"We're still trying to identify the savings areas from some of the systems that we know are technically feasible," he says. "We have a pretty efficient system right now for inventory control, for instance. Would it be worth it for us to change that system for one in which we start to scan every item as it comes in at store level? We don't know. We know that we're going to get good merchandising information from an automated system, but we don't know yet where all the hard dollar savings may be found."

Price update savings

Leeseberg, however, like most drug store retailers, does believe that at least part of the dollar savings will come through the immediate implementation at store level of price updates. Seventy-nine per cent of all the respondents to the *Drug Store News* survey said that price updates were "very important" to them as a main benefit from a computer/POS in-store linkage. Another 75% said efficient throughput at checkouts was also very important, while another 61% said they liked the productivity increases they felt they would realize. Another 57% said they also thought being able to analyze ad and promotional activity was also "very important."

"A POS system is particularly important in running sales," said Mac Jones, director of Management Information for Big B in Alabama. "It'll allow us to download our prices and make sure the customer always gets the right price. We think it'll also save labor. Right now we're labeling each item with sales stickers. Once the POS is up and running, we'll be able to eliminate this."

At Rite Aid where management has eliminated item pricing in most of the 175 stores with an integrated system, Duane Ruble reports that the savings are on a par with the savings reported earlier in the decade by food stores that went to scanning.

"Food stores estimate you can save 0.5% to 1% of sales," he says,"and we haven't found anything that says that's wrong. Our figures are comparable."

Continued on page 99

Drug chains linking in-store p.c.'s with epos

	4/30/85	4/30/86
Rite Aid	75	300
Eckerd	65	180
Pay Less	67	110
BigB	0	2
Kinney	0	2
Harco	0	1

Source: *Drug Store News* Computer Technology survey

Chain drug stores equipped with POS registers

	4/30/85	4/30/86		4/30/85	4/30/86
Revco	1,295	1,950	Pay 'n Save NW	13	n.a.
Hook	303	318	Thrift	4	50
Eckerd	105	110	CVS	3	n.a.
Rite Aid	75	300	Community Distributors	2	26
Pay Less NW	67	110	Peoples	2	n.a.
Gray Drug Fair	50	100	Kinney	0	2
White	32	32	Bartell	0	2
SupeRx	25	130	Harco	0	1

n.a.—not available
*Does not include stores in Hawaii or Alaska

Source: *Drug Store News* Computer Technology survey

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*Through participating wholesaler. †All ads should feature both liquid *and* tablets. ‡Provided advertising coverage is in at least 75% of the applicant's trading area. §End cap, Stuart-designated display, checkout or counter display.

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Retailers rate their satisfaction with Rx computer applications

	% ranking very important	% extremely/ very satisfied
Price Updates	100%	89%
3rd party forms	92	85
3rd party payments	80	50
Patient profiles	74	71
Side effects/adverse reactions	59	68
GM analysis	47	58
Marketing tool	45	39
Patient interactions	45	68
Drug interactions	42	53
Reducing inventory	37	32
Recruitment tool	26	45
Reducing shrink	24	39
Drug recall notices	24	21
Tracking inventory	18	32

Source: *Drug Store News* Computer Technology survey

Computers cut weeks off claim processing

Continued from page 98

Ruble also says there's a chance drug stores will also be able to imitate the food store industry's success in reducing shrink with scanning and store integration. Industry sources estimate that shrink control is another 0.25% to 1% savings for food stores, but Ruble has not determined yet if drug stores can duplicate this type of savings.

Rx computers

The issue of cost justification first surfaced strongly in the early 1970's when chain drug executives were actively debating whether they could ever afford pharmacy computers.

"Back in 1971 when we were talking about pharmacy computers," said one East Coast chain executive, "everybody said we were nuts and couldn't justify the cost.

"But we proved we could, not just in manpower savings, but in third party, and that's with third party just being about 30% of our business."

That same executive points out that back before the use of pharmacy computers, many chains were only scoring in the 70's in getting third-party approval on claims when they were first submitted.

"Now with pharmacy computers," he says, "we're averaging in the high 90's."

Respondents in the Computer Technology Survey overwhelmingly singled out third-party claim submissions and price updates as the most important computer benefits.

In follow-up interviews with *Drug Store News* reporters, executives said that Rx computers lopped weeks off the turnaround time between store claim submission and third-party reimbursement.

"For a chain to get third-party reimbursement," said Rite-Aid's Duane Ruble, "assume a week's delay just for the claim to move from the store through the postal system to corporate.

"Then assume maybe another week for it to go through the mail from corporate to the agency. Then assume a certain number of backlogs somewhere and assume another few weeks delay to get the information keyed in and processed.

"Now that we have the pharmacy computers in the stores, we can collect the information by phone every night. We can turn it around in a day or at most a couple of days to get the claim to the carrier.

"We can also download price changes into the stores, and that means more savings because we're able to respond to manufacturer price increases more quickly if we choose to, and we can put the increases into affect when we want.

"Don't forget that the paperwork involved in manual changes is significant, so is the additional savings in time and accuracy in just changing price labels."

"We've reduced the work load for our pharmacist and for our personnel at the service center," says Hook's Bruce Waterman. "We've completely eliminated the keying in of data and that, in turn, eliminates the mistakes that inevitably occur through key punching.

"We poll the stores five times a week from the corporate offices. Then we bring the data in here, group it by carrier, then consolidate it for the carrier by all the stores we've polled, then we electronically transmit that data to the carrier.

"We get our money faster because we've eliminated keying in. The time saved could range from just a few days to a few weeks depending on how

Continued on page 101

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- Advertising performance period: September 16 through January 3, 1986
- Claim deadline: All advertising claims must be mailed within 45 days of publication

FREE GOODS*	PLUS advertising allowances		PLUS merchandising allowances	
	Option A:	Option B†:	Display‡:	Reduced Price Feature:
48-TABLET ECONOMY PACK TWO FREE WITH 10	Up to $.25 per display of 6	$.25 per display of 6	$.25 per display of 6	$.25 per display of 6
12-TABLET CONVENIENCE PACK TWO FREE WITH 10	Up to $.50 per display of 12	$.50 per display of 12	$.25 per display of 12	$.25 per display of 12

Also Available—up to 2% billback allowance for four-color roto advertising or consumer coupon programs.

*Through participating wholesaler.
†Provided advertising coverage is in at least 75% of the applicant's trading area.
‡End cap, Stuart-designated display, checkout or counter display.

NEW FALL DEAL

STUART PHARMACEUTICALS
Division of ICI Americas Inc
Wilmington, Delaware 19897

Full store automation seen in 4 to 5 years

Continued from page 99

backlogged they may be at any particular time."

Tape to tape

Both Waterman and Ruble say their goal is to go tape to tape whenever possible, "to eliminate as much paperwork coming to and from the stores and corporate as possible."

"Eventually," says Ruble, "we'll get to the point where there will be no paperwork at all involved in third-party claims. Today there are agencies, usually smaller ones, that require paperwork with doctors' signatures, but that's a small percentage of the total universe."

At Eckerd, Bob Ramsden estimates that about 50% of the company's third-party claims are submitted on computer tape. "We're working our way now down to the smaller companies on a tape-to-tape system," he says.

"It may take another five years to get everyone on it, but the trend is for companies to get more efficient, to automate their systems, so we expect that ultimately 90% of all carriers will be on tape-to-tape with us. Submitting claims electronically is just a particularly valuable function for us to have."

Neck and neck with third-party claims in terms of their perceived value to retailers are price updates. Every chain that uses pharmacy computers reported they were also using the system to notify the store management of price changes going into effect.

Chains that had stores with point-of-sale terminals hooked up to computers also reported this function as a benefit.

Other ways to use pharmacy computers

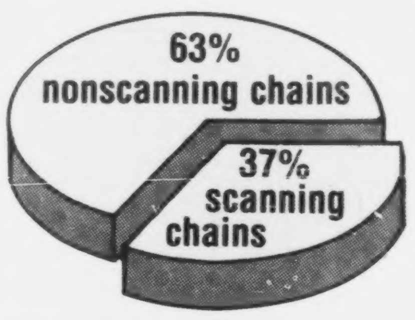
Application	%*
Labor scheduling	50%
Direct store deliveries	36
Electronic mail	36
Automatic reordering	14
Integration with pos terminals	14
Tracking customer counts	11
Tracking per hour transactions	11
Analyzing promo effectiveness	8
Tracking product movement at department level	8
Tracking product movement at item level	3
Environmental controls (heat, light, etc.)	3

*% of retailers using application (base = respondents who use Rx computers for nonpharmacy applications)
Source: *Drug Store News* 1985 Computer Technology survey

At Rite-Aid, Duane Ruble describes how the price updating system works:

"At corporate we assign a bulletin with a number to each store. Maybe we're sending a price change notice. The store system accepts that and waits for the manager to act on the notice. But before acting, he or she first has to change the shelf price labels so the manager puts the new shelf label paper in the printer and the computer generates the new shelf labels on the spot.

"Then after the labels are put up on the shelf, the manager tells the computer to dump the new prices into the file. The act of dumping sets up a message back at corporate. The computer flashes something like 'Bulletin 351 has been completed' and we know the price changes have gone into effect."



Source: *Drug Store News* Computer Technology Survey

Scanning

Rite-Aid is also one of the few drug chains to move boldly forward into scanning. While other companies report that they are still trying to determine if scanning is "cost justifiable" for their particular

Continued on page 102

Introducing the Magic Box...an extraordinary new business computer exclusively from FoxMeyer. The Magic Box is easy to use, affordable, expandable and portable. So small and lightweight you can carry it with one hand.

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Makes Paperwork Disappear

The Power of a Million Dollar Computer Just Fell into Your Hands

FoxMeyer
Drug Company

Intellec Systems, Inc. Joint Developer

Computers: Can one system handle it all?

Continued from page 101

store operations, Rite-Aid is fully committed to the concept and is currently scanning in all 175 of its integrated stores.

To maximize their savings from scanning, Rite-Aid has also stopped individual price marking items in most of their 175 scanning stores and will continue to eliminate item pricing as they go along. Ruble says it takes from two to four weeks after scanning is on line to reach the point where item pricing can be eliminated. He also reports that price elimination has had no ill effects on customers.

"We've had no problems with customers over the elimination of item price marking," says Ruble.

Rite-Aid, however, has an advantage over many other drug chains. The merchandise mix in a Rite-Aid store is heavily health & beauty aids with very little sundries, general merchandise or imported goods.

Universe of scanning in chain drug stores

	Number of stores scanning	
	4/30/85	4/30/86
Rite Aid	75	300
Pay 'n Save	13	n.a.
Hook	5	5
Thrift	4	50
Revco	3	4
CVS	3	n.a.
Community Distributors	3	n.a.
Peoples	2	n.a.
Eckerd	1	10
Gray/Drug Fair	1	n.a.
SupeRx	0	3
Kinney	0	2
Big B	0	2
Harco	0	1
Bartell	0	1
Dart	0	1

n.a.—not available
Source: *Drug Store News* Computer Technology survey

Features rated most important by retailers using scanning

Feature	Very Important	Somewhat Important	Not Important
Cost savings from eliminating item price marking	71%	29%	—
Cost savings from gathering product movement data	67	29	4
Cost savings from improved throughput	57	43	—
Cost savings from improved labor scheduling	48	38	14

Source: *Drug Store News* 1985 Computer Technology survey

Ruble reports that between 90% and 95% of what is sold in Rite-Aid stores is UPC coded. The high percentage of UPC coded items in the Rite-Aid mix makes it easier for Rite-Aid to build and maintain a master price file that is not complicated with exceptions for non-UPC coded items.

In stores like Eckerd or Revco or SupeRx with a more eclectic mix of products, the problem of non-UPC coded items is more serious and raises strategic questions about the current cost effectiveness of scanning.

At Eckerd where between 30% and 35% of all the items in the store are *not* UPC coded, Bob Ramsden has some hesitations about scanning at this point in time.

"People sometimes say why don't you just go and put the system in effect now if about 65% or 70% of the products in your store are UPC coded.

"Well, it is never good to have two different systems in effect at once because it causes confusions and problems. Suppose I had a cashier who had an item in her hand that wouldn't scan. After trying to scan it a couple of times, she'd have to try to remember the alternative procedure for keying in the product item number. Now meanwhile she has a customer on her hands impatient to get out of the store and she's been told her first priority is to give that customer service.

"So if she has an escape key, she'd probably push it and make the sale manually. Now when data processing gets the information back from her register, they'd see a flag on the escape key and they've probably spent more time trying to figure out what the problem was then I saved by having put scanning in.

"It might also lead to errors and inaccuracies. So I want to have the number of UPC coded items in my stores about 90% to 92% or thereabouts before I start scanning."

Scanning skepticism

At Revco, where a proposed one-store scanning test has again been postponed, Management Information Systems vp Scott Leeseberg has similar reservations.

"We're not sure all drug stores should go to scanning," he says. "The benefits the food stores got the most were from learning about their business in terms of product movement and improving their throughput at the front end. But we have good controls on our movement from the warehouse and we don't handle as many items per sale through the front end as food stores do."

There may be benefits from scanning, says SupeRx's Jim Sinclair, director of accounting, "but we need to recognize the costs vs. the value of the information."

System integration

With 27% of respondents reporting that they were linking at least some in-store personal computers to front ends and with 88% saying they believed such links were necessary for stores to recognize maximum benefits, the question becomes how many in-store computers does a typical drug store need and can the computer that runs the pharmacy department also run the front end.

Among the chains in the survey who were already linking pc's to front ends or planning to make the linkage by April 1986, 22% were testing both types of systems: pharmacy computers in some stores linked to the front end and separate nonpharmacy computers in other stores linked to the front end; another 33% each were using either the pharmacy computer exclusively or two separate in-store computers, respectively, and the rest still hadn't decided what approach they would follow in 1986.

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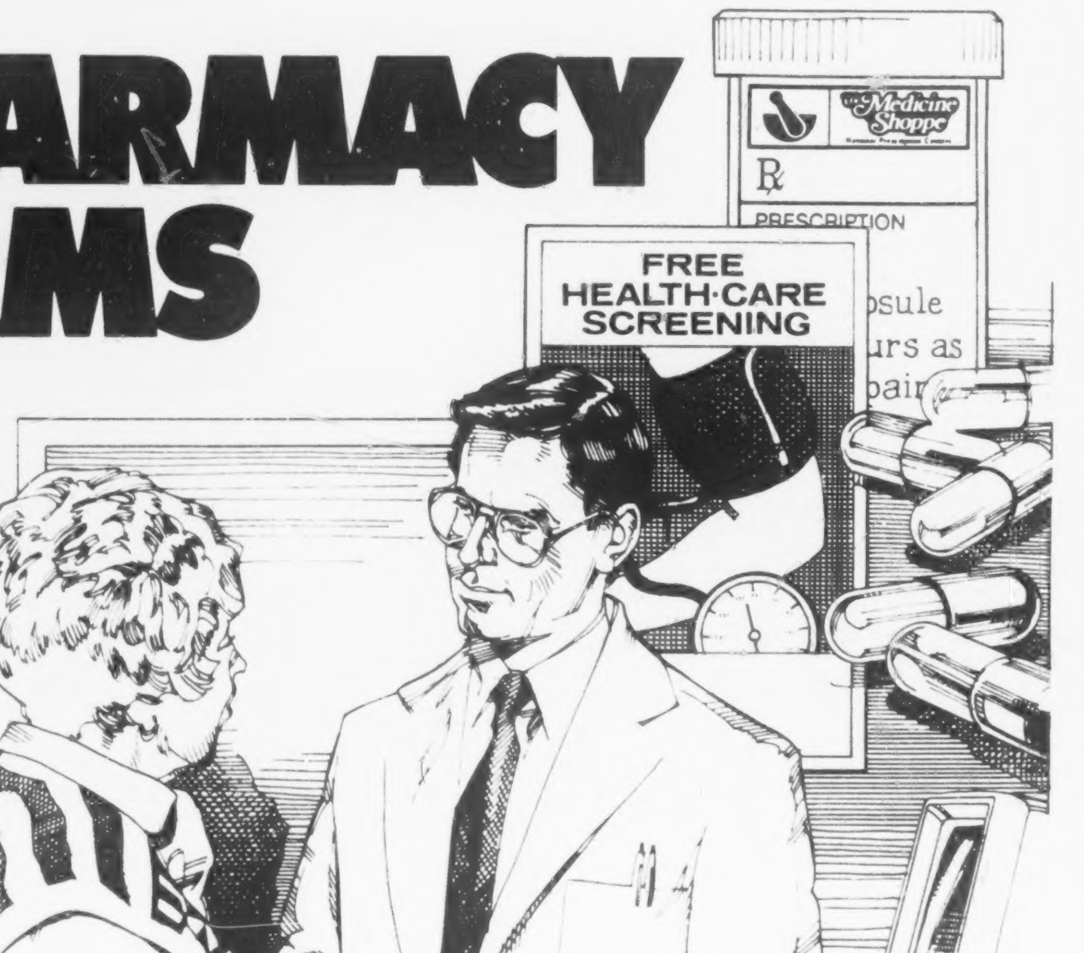

The Medicine Shoppe
National Prescription Centers

C5156-2

Merchandiser:
Racking up sales in books and magazines—p. 21

Pharmacy:
Pharmacy detailing study—p. 42

Special report:
Rx counterfeiting still concerns FDA—p. 37

DRUG STORE NEWS®

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Management takes control of Jack Eckerd

$1.2 billion leveraged buyout

By Marjorie Shaffer

CLEARWATER, Fla. — Jack Eckerd Corp., the nation's second largest drug chain, has agreed to be purchased by an investment group that includes 25 members of the company's management and 32,000 employees.

The leveraged buyout, valued at $1.2 billion, is the largest in the history of the chain drug industry.

"This is a real opportunity for us," said Mike Zagorac Jr., vp of public affairs, and one of the Eckerd managers involved in the buyout. "It's a real plus and with the uncertainty behind us, we'll get management focused back on our business. It should help too that from now on everybody will be working for themselves."

The buyout follows Eckerd's announcement earlier in the fall that the 1,500-store chain was up for sale, a development that many observers felt was spurred by a dramatic earnings slide for the fiscal year and a jolt administered by the Dart Group, which had tried a potentially hostile takeover of the company.

Eckerd had been put on the block to "remove the speculation and uncertainty surrounding the company's future," according to Stewart Turley, chairman of the board and president.

The investment group negotiating the megabuck buyout is organized by Merrill Lynch Capital Partners. Under the deal, shareholders will receive $28 in cash for each share of common stock plus a subordinated debenture valued at $5 a share. Altogether, based on 36 million shares outstanding, a price of $33 per share, and existing debt assumed in the merger, Eckerd

Continued on page 51

Marc Dworkin named pres. of Carls drug

By Liz Parks

CLEVELAND — Marc Dworkin, Revco's executive vp of marketing and operations, has been named president of Revco's recently acquired Carls Drug chain headquartered in Syracuse, N.Y.

Dworkin will retain his executive vice presidency as well as his corporate duties, but will exchange his marketing hat with Neil Roth, Carls' former president. Roth now assumes responsibilities for both purchasing and marketing at Revco.

Susan Schmierer, an analyst with L. F. Rothschild, interpreted Dworkin's promotion as "a chance to get the hands-on experience Marc will need if he's ever going to run Revco."

Dworkin, who recently became the first-time father of a son, Bradley, and is building a new home in Cleveland, said he will divide his time between his new office in Syracuse and his old office in Cleveland.

Both Dworkin, who has worked at Revco in one capacity or another since childhood, and Bill Edwards, Revco's president, described the promotion as an "exciting opportunity."

"My main mission," said Dworkin, "will be to expand

Continued on page 52

REX Award winners

J. Roger Friedman, president of Lebhar-Friedman (far left) presents *Drug Store News'* REX Chain of the Year Award to Fred F. Canning, president of the Walgreen Co.; Joe Polastri, president of McKesson Drug (near right), accepts REX wholesaler of the Year Award from editor Liz Parks, and Jay Forbes, publisher (below left), congratulates Walgreens senior vp Vern Brunner for being chosen REX Merchandiser of the Year. Story page 2.

Walgreen first chain to clear $3B sales hurdle

DEERFIELD, Ill. — The Walgreen Co. broke the $3 billion sales barrier in fiscal 1985, becoming the first pure drug chain to reach that milestone.

Sales for the year ended Aug. 31 hit $3.16 billion, a 15.2% increase over the $2.74 billion rung up in fiscal 1984.

At the same time, Walgreens also maintained its strong profit growth record. While the earnings of other drug chains faltered, Walgreens drove up net income by 10.2% to $94.2 million from $85.4 million in 1984. Last year's results included a gain of $3.6 million on the sale of the company's Mexican operations.

Earnings per share were $1.53 vs. $1.39 last year.

Despite the strong performance, chairman Charles R. Walgreen III managed to convey a hint of apology in describing why earnings were not higher.

He noted that profits were affected by an accelerated store opening schedule—106 stores vs. 72 in fiscal 1984.

"This quickened pace affects near-term profits," he said. "But it also means we're building our business. It gives us stronger market penetration and economies, and positions us for long-term growth. It indicates we're optimistic about the strength and future of drug stores."

Market penetration and economies of scale have been two of the main keys to Walgreens' phenomenal success in recent years. The chain's overall strategy has been to achieve No. 1 or No. 2 status in every market entered.

Walgreens also reported that fourth-quarter sales increased 13.8% to $778.8 mil-

Continued on page 52

Pay Less moves into Calif.

ut

Deep discounting:3% of industry sales

Special feature

The following is the first of a series of stories on the growth and development of the deep-discount phenomenon. In this series, Drug Store News *will look at the problems of finding the right locations, coping with competition and the future of deep discounting.*

NEW YORK — Two years after the chain drug industry discovered the lucrative potential of deep-discount drug stores, that segment of the industry is still "sprouting," but today prospects for growth are a bit more speculative, and sources say there could soon be as many "shake-outs" in this segment as there are sprouters.

Most analysts put the segment's current size at approximately 300 stores and some $2 billion in sales. On the basis of its own surveys, *Drug Store News* agrees with the store count, but its research indicates that total dollar volume today may be closer to $1.5 billion, or about 3% of total drug store industry sales.

The research also indicates that more than 90% of all deep-discount drug stores are operated by established chain retailers, including about 30 major food, drug and mass-merchandise chains as well as the industry's two largest "pure" deep-discount drug store chains, F & M in Detroit and Drug Emporium in Columbus, Ohio.

The rest of the stores in this segment are operated by high-volume independents including particularly successful entrepreneurs like Marc

Continued on page 17

REX banquet honors outstanding leaders

NEW YORK — Vern Brunner, who began his career with the Walgreen Co. as a part-time college student in 1962, has been awarded the 1985 *Drug Store News* REX Merchandiser of the Year award.

Brunner, who is currently senior vp of marketing for Walgreens, accepted his award at a special REX banquet held in New York earlier this month in conjunction with the Associated/Affiliated shows.

Speaking before an overflow crowd of more than 650, Brunner thanked his staff and associates at Walgreens, his mentor and friend Walgreens' president Fred Canning and particularly his wife, Sharon, for the support and help that has "sustained me over the years."

Brunner, the runaway choice for Chain Drug Merchandiser of the Year, was selected by popular vote among hundreds of manufacturer suppliers.

In making the presentation, *Drug Store News* publisher Jay Forbes noted that both Fred Canning and Corky Walgreen, chairman, have consistently singled out Brunner's "marketing expertise" for making considerable contributions to the success of Walgreens stores.

"Under his supervision," Forbes pointed out, "Walgreens has grown from 641 drug stores to 1,095 with centralized purchasing, merchandising and warehousing."

Forbes said that many of the programs instituted by Brunner "insured the nationwide continuity of Walgreens' merchandise mix and store identity."

In fact, the same manufacturer suppliers who elected Vern Brunner chain merchandiser of the year also singled out the Walgreen Co. as the "Drug Chain of the Year."

In presenting that award to Canning, J. Roger Friedman, president of *Drug Store News*' parent company, Lebhar-Friedman, described the Walgreen Co. "as a leader for over 84 years."

The company's leadership

Continued on page 51

REX
Retail EXcellence Award

REX Chain Merchandiser of the Year
V. Brunner

REX Drug Chain of the Year
Walgreens

REX Wholesaler of the Year
McKesson Drug

REX award winners

Analgesics

1. Advil	Whitehall Labs
2. Tylenol Capsules	McNeil Consumer Products
3. Nuprin	Bristol-Myers

Antacids

1. Riopan	Ayerst Labs
2. Gaviscon	Marion Labs
3. Mylicon-80	Stuart Pharmaceuticals

Automotive/hardware

1. Plastic Oil Container	Quaker State Oil
2. Durabeam Compact Light	Duracell
3. Fur Glove Ice Scraper	Hopkins Manufacturing

Baby needs

1. Huggies	Kimberly-Clark
2. Pedia Care	McNeil Consumer Products
3. Dorcol for Children	Dorsey Labs

Candy

1. Snickers	Mars Inc.
2. Black Forest Gummy Bears	The Foreign Candy Co.
3. O'Grady's Salty Snacks	Frito-Lay

Cosmetics

1. Aziza Polishing Pen	Chesebrough-Ponds
2. Custom Eyes	Revlon
3. Visuelle	L'Oreal

Cough/cold, allergy

1. Actifed	Burroughs Wellcome
2. Drixoral	Schering Corp.
3. Formula 44M	Vicks Health Care Division Richardson-Vicks

Dental

1. Colgate Pump	Colgate-Palmolive
2. Check-Up	Minnetonka
3. Act	Johnson & Johnson

Deodorants/shaving needs

1. Brush Plus	The Gillette Company Safety Razor Division
2. Lady Speed Stick	The Mennen Company
3. Ban Solid	Bristol-Myers

Eye/lens care

1. Sensitive Eyes	Bausch & Lomb
2. Soflens Enzymatic Cleaner	Allergan Pharmaceuticals
3. Clerz 2	CooperVision

Ethnic

1. Care-Free Curl Moisturizer	Soft Sheen Products
2. Dark & Lovely Relaxer Kit	Carson Products
3. Curl Activator	Worlds of Curls

Feminine hygiene/family planning

1. Today	VLI Corp.
2. e.p.t. plus	Warner-Lambert
3. Fact	Advanced Care Products Div. Ortho Pharmaceutical

Fragrances

1. Vanderbilt Fragrance Line	Warner Cosmetics Co.
2. Forever Krystle	Charles of the Ritz
3. Jovan Evening Edition Musk for Men	Beecham Cosmetics

Hair care

1. Free Hold Mousse	L'Oreal
2. Perma Soft Shampoo	Lamaur
3. Halsa Shampoo	S. C. Johnson & Co.

Pharmaceuticals

1. Nicorette	Merrell Dow Pharmaceuticals
2. Zantac	Glaxo
3. Maxzide	Lederle Labs

Photography/consumer electronics

1. Kodak Disc Camera	Eastman Kodak
2. Supercolor VHS Tape	Polaroid
3. Snappy 20	Canon U.S.A.

Skin care/sun care

1. Oil of Olay	Vicks Toiletry Division Richardson Vicks Inc.
2. Buf-Puf Singles	3M Company
3. Bain de Soleil Gelee Orange	Charles of the Ritz

Stationery/home office

1. Five Star Line School Supplies	The Mead Corp.
2. Executive Home Office Supplies	Stuart Hall Co.
3. Sharpwriter Mechanical Pencil	Paper Mate Division The Gillette Company

Tobacco/wine/beer

1. Single Pack Lighters	Bic Pen Corp.
2. Seagram's Cooler	Joseph E. Seagram & Sons
3. Generic Cigarettes	Gary Tobacco

Toys

1. Trans Formers	Hasbro
2. Cabbage Patch Kids	Coleco Industries
3. G.I. Joe	Hasbro

Vitamins/nutritional/diet aids

1. Centrum	Lederle Labs
2. Caltrate	Lederle Labs
3. Dexatrim	Thompson Medical

Sharon Brunner receives bouquet (top).

Jay Forbes (right) presents a special REX award to Lebhar-Friedman vp and editorial director David Mahler.

INDEX

Classified 52
Editorial. 4
Financial 6
Merchandiser 21
Pharmacy 37
Product Update 47
Rx detailing study 42

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Vol. 7, No. 23 October 28, 1985

FINANCIAL

Dworkin optimistic despite earnings slump

TWINSBURG, Ohio — While Revco's first-quarter earnings declined 39%, Sidney Dworkin, chairman and ceo, noted some encouraging trends that he believes will set the stage for improved results in the future.

Dworkin noted, for example, that the quarter's comparable drug store sales increased 8.7%, compared to a 6.9% increase in the same quarter last year and a 5.8% gain for all of fiscal 1985.

In addition pharmacy sales, which have been fueling growth throughout the industry, rose 11.7% on a quarter-to quarter basis, compared to 11% growth in the same period last year and 11.1% for the year as a whole.

Dworkin said the 39% decline in first-quarter earnings was the result of lower gross margins in the drug store division, higher interest costs and continued losses from Odd Lot.

He noted that interest expanse for the quarter more than doubled to $4.5 million from $2.1 billion, reflecting increased borrowings to finance the acquisition of the 42-store Carls Drug in July as well as the purchase of 4.4 million shares of common stock from the former Odd Lot owners.

In addition, Odd Lot operated at a loss for the quarter, reducing corporate earnings by 4¢ a share.

Bergen posts record earnings and sales

LOS ANGELES — Bergen Brunswig Corp., the nation's second largest drug wholesaler, announced record sales and earnings for the year ended Aug. 31.

The company reported that net earnings increased 27.4% to $23.3 million from $18.3 million in the previous fiscal year. Earnings per share rose to $1.91 from $1.86.

Last year's earnings results included a loss of $5.2 million from discontinued operations.

Sales and other revenues increased 43% to $2.43 billion from $1.70 billion.

In the fourth quarter, net earnings increased 5% to $5.9 million from $5.7 million in the same period last year. Earnings per share were 46¢.

Sales and other revenues for the quarter increased 52% to $680.3 million.

Bergen Brunswig said that the company decided, based on certain provisions in the Deficit Reduction Act of 1984, to switch to LIFO.

The change permitted retaining $21 million in cash.

Commenting on the results, Emil P. Martini Jr., chairman and ceo, said that acquisitions had a "major impact on sales growth, together with the results from existing operations exceeding internal targets."

		STOCK PRICE							TREND TO MARKET				EARNINGS/SHARE					P/E	DIVIDENDS			FINANCIAL POSITION				
		From 09/20/85 - 10/07/85							Price Trend (% per day)		Volume Trend (% per day)		Last Fiscal Year	Latest 12 Months vs Preceding 12 Months Change		5-Year Annual Growth Rate	Profit Margin	Latest P/E Ratio	Indicated Dvd. rate		Last X-Dvd. Date	Last Fiscal Year		Current Ratio	Last Fiscal Year (Per Share)	
					Change		52-Week		Last 30 Days	Last 5 Days	Last 30 Days	Last 5 Days													Long Term Debt	Common Stock Equity
Name	Symbol	High	Low	Close	Amt	Pct	High	Low						Amt.	Pct				Amt.	Yield		Revenue	Earnings			
-	-	$	$	$	$	%	$	$	%	%	%	%	$	$	%	%	%	-	$	%	-	$ Mil	$ Mil	-	$	$
Chain Store transactions																										
Am Stores	ASC	57.38	56.00	56.75	.88	1.57	67.50	35.38	.10	.10	-1.50	5.79	5.71	1.67 S	42.0	34.0	1.5	10.0	.64	1.1	09-16-85	12118.8	185.5	1.2	37.93	21.40
Begley Co	BGLY	16.50	16.00	16.00	.00	.00	17.63	15.00	.28	.34	3.39	-50.00	1.26	-.07 Q	-5.0	3.0	1.1	12.1	.72	4.5	04-15-85	66.1	.7	1.7	13.77	18.84
Big B	BIGB	14.75	14.13	14.13	-.13	-.88	19.50	10.63	.19	-.25	-8.42	37.59	.68	.12 S	20.3	15.0	3.0	19.9	.00	.0	09-21-83	148.1	4.4	2.3	1.20	4.58
Drug Sys	DRGS	4.63	4.50	4.50	-.13	-2.70	6.13	3.38	-.34	-.20	-6.68	69.12	.35	-.12 Q	-24.0	NC	1.2	11.8	.60	13.3	05-09-85	104.7	1.3	3.2	1.13	6.18
Eckerd, Jack	ECK	30.75	26.38	29.88	2.50	9.13	32.88	20.00	-.07	.46	-1.78	-25.33	2.27	-.03 N	-1.4	2.0	3.3	13.9	1.04	3.5	09-09-85	2622.5	85.4	2.0	2.52	16.47
Fay's Drug	FAY	9.38	8.13	8.50	.13	1.49	13.00	8.13	.01	-1.28	-.77	-23.04	.62	-.22 S	-33.3	33.0	2.4	19.3	.20	2.4	09-23-85	366.7	8.7	1.8	1.65	4.28
Genovese Drug	GDX	10.38	10.00	10.25	.25	2.50	15.88	9.13	.05	.09	-1.47	-26.32	1.03	.07 S	6.8	40.0	1.9	9.3	.20	2.0	09-24-85	220.3	4.1	1.7	2.06	5.73
Longs Drg Strs	LDG	27.00	24.75	25.13	-1.88	-6.94	31.13	20.63	-.10	-.05	-2.13	-4.51	1.88	.14 S	7.8	9.0	2.9	13.0	.72	2.9	08-27-85	1375.8	40.1	2.1	.00	12.23
Medicare Glaser	MGCO	4.75	4.13	4.75	.00	.00	6.75	3.50	-.21	.34	2.18	-60.98	.05	-.47 Q	-100.0	NC	.2	NE	.00	.0	00-00-00	81.7	.2	2.2	3.58	3.52
Perry Drug	PDS	14.38	12.75	13.88	-.50	-3.48	16.19	10.75	-.47	1.63	-1.80	28.75	.84	.09 N	11.0	14.0	2.1	15.2	.19	1.4	09-11-85	370.3	7.6	1.5	1.60	7.07
Revco Drug	RDS	27.75	24.25	26.00	.75	2.97	30.63	22.50	.09	-.70	-1.58	-17.55	1.06	-1.48 F	-58.3	2.0	1.6	24.5	.80	3.1	08-19-85	2395.6	38.9	1.7	1.22	12.48
Rite Aid Corp	RAD	23.38	21.50	21.88	-.38	-1.69	33.50	21.50	-.27	-1.21	-1.29	-11.03	1.59	.08 Q	5.3	9.0	4.8	13.7	.50	2.3	07-12-85	1445.7	69.9	1.9	2.02	8.58
Thrifty Cp	TFD	19.63	18.13	18.38	-.88	-4.55	22.88	18.13	.17	-1.04	-2.76	24.72	1.40	.24 N	18.2	15.0	2.1	11.8	.60	3.3	05-06-85	1299.3	27.9	1.5	4.46	7.72
Walgreen Co	WAG	24.25	22.50	22.50	-1.38	-5.76	30.25	19.00	-.29	-.65	1.03	2.23	1.39	.20 N	15.0	20.0	3.1	14.7	.44	2.0	08-12-85	2744.6	85.4	1.7	.87	6.76
Wholesaler's transactions																										
Bergen Bruns	BBCA	28.25	26.38	27.13	-.75	-2.69	32.38	20.50	-.40	.43	-3.02	-2.44	1.91	.34 F	21.7	16.0	1.0	14.2	.32	1.2	07-26-85	2434.9	24.2	1.6	1.08	11.11
Bindley Wstn	BIND	10.50	10.00	10.25	.13	1.23	15.00	9.25	-.03	.06	-2.49	29.13	.73	.16 S	25.8	23.0	.8	13.1	.00	.0	05-01-85	566.7	4.7	1.4	.08	5.46
Cardinal Distrb	CDIC	16.50	15.63	16.13	-.13	-.77	18.50	10.91	-.11	.81	9.92	-60.18	1.01	.17 Q	18.9	NC	1.2	15.1	.08	.5	10-08-85	320.0	3.7	1.7	.94	8.85
Durr Fillauer	DUFM	12.00	10.75	11.00	-.88	-7.37	15.25	9.81	-.65	-.55	.51	-29.64	.74	.13 S	19.1	15.0	1.7	13.6	.14	1.3	07-01-85	341.7	5.8	2.3	1.21	6.05
McKesson Cp	MCK	46.75	45.13	46.50	.50	1.09	50.00	37.00	-.12	.57	1.28	-2.91	3.60	-.07 Q	-1.9	-1.0	1.3	12.7	2.40	5.2	08-27-85	4887.1	65.0	1.5	12.99	30.40
Foxmeyer Cp	FXM	24.75	23.25	23.63	-.88	-3.57	29.75	21.00	.02	-.54	-4.19	-20.63	1.56	.16 Q	11.3	25.0	1.3	15.0	.00	.0	00-00-00	717.1	9.0	2.8	17.31	16.51
Ketchum	KCH	18.50	14.75	17.63	1.41	8.67	22.97	13.47	-.01	.12	-5.80	-55.66	.56	-.03 Q	-4.9	NC	.2	30.4	.00	.0	09-23-85	273.7	.6	1.4	7.87	7.52
Owens & Minor	OBOD	15.75	14.63	15.75	1.00	6.78	16.63	8.00	.24	.80	-2.43	-6.74	.95	.20 S	22.5	15.0	1.2	14.4	.28	1.8	09-10-85	306.7	3.6	3.0	5.35	8.54
Manufacturer's transactions																										
Abbott Labs	ABT	58.00	53.88	54.50	-1.13	-2.02	60.00	38.63	.03	-1.03	-1.98	21.80	3.34	.49 S	15.8	17.0	13.0	15.2	1.40	2.6	10-08-85	3104.0	402.6	1.9	3.91	13.33
Am Home Prod	AHP	60.00	54.75	55.75	-2.50	-4.29	66.88	46.75	.14	-1.50	.82	42.00	4.39	.31 S	7.3	11.0	15.1	12.3	2.90	5.2	05-07-85	4485.5	675.6	3.4	.26	13.74
Baxter Travenol	BAX	14.00	12.38	12.75	-1.00	-7.27	16.88	11.75	-.39	-.53	1.67	-2.76	.21	-1.22 S	-87.1	-23.0	1.6	70.8	.37	2.9	09-09-85	1800.4	29.0	1.6	1.46	7.83
Block Drugs Co	BLOCA	39.00	38.75	39.00	-.25	-.64	40.50	26.22	.14	.34	.32	-33.33	3.48	.36 Q	11.1	11.0	10.5	10.9	1.00	2.6	08-27-85	247.8	25.9	2.4	3.28	22.47
Bolar Pharm	BLR	14.63	12.00	14.25	.88	6.54	22.63	11.25	-.42	2.95	-6.21	26.73	.61	.13 S	22.8	23.0	18.2	20.4	.03	.2	08-06-85	29.1	5.3	7.5	.00	3.70
Bristol-Myers	BMY	58.25	53.63	54.38	-1.88	-3.33	66.50	44.25	-.16	-.25	2.96	-2.69	3.45	.41 S	12.7	14.0	11.3	14.9	1.88	3.5	09-30-85	4189.4	472.4	2.5	.75	15.63
Carter-Wallace	CAR	43.00	32.75	39.50	6.00	17.91	46.63	23.88	.26	2.20	4.48	-10.95	2.66	.38 Q	15.3	20.0	5.9	13.8	.60	1.5	07-26-85	348.8	20.7	2.2	1.53	23.37
Forest Labs	FRX	24.63	23.00	23.38	-.25	-1.06	32.50	12.13	-.11	-.59	-.39	32.96	.73	.22 Q	39.3	14.0	17.4	30.0	.00	.0	01-14-83	24.1	4.2	4.5	.22	5.90
ICN Pharm	ICN	11.13	9.13	9.88	.75	8.22	12.25	8.25	.28	-2.23	2.26	-31.79	.00	-.09 S	-47.4	NC	1.6	98.8	.00	.0	00-00-00	44.8	.7	3.0	2.43	4.50
Key Pharm	KPH	10.00	8.50	8.88	-.75	-7.79	12.75	8.00	-.69	-1.77	.65	21.18	.61	-.04 S	-6.7	57.0	14.6	15.8	.20	2.3	09-09-85	151.1	22.1	3.4	2.52	1.60
Lilly Eli Co	LLY	89.38	85.50	88.50	2.63	3.06	90.38	58.00	.22	.47	-.14	10.05	6.73	.48 S	7.4	9.0	15.8	12.6	3.20	3.6	08-09-85	3109.2	490.2	1.7	1.63	31.04
Lee Pharm	LPH	6.50	5.63	6.50	.63	10.64	9.63	2.13	.45	1.69	-1.01	32.67	.13	.38 N	NE	NC	6.2	27.1	.00	.0	00-00-00	8.1	.5	3.0	.20	1.73
Marion Labs	MKC	34.88	33.50	33.50	-.38	-1.11	39.75	18.31	.03	-.10	-.71	16.06	.94	.32 F	51.6	34.0	12.2	35.6	.28	.8	09-16-85	295.7	36.2	2.4	.02	3.52
Merck & Co	MRK	110.75	106.00	108.25	.25	.23	117.75	81.13	-.14	.21	1.15	3.62	6.71	.63 S	9.9	5.0	13.8	15.5	3.20	3.0	08-30-85	3559.7	493.0	2.0	2.48	35.29
Morton Thiokol	MTI	33.25	31.25	32.00	-.38	-1.16	38.00	25.25	-.13	-.05	-.09	-4.49	4.01	1.85 F	85.6	29.0	10.8	8.0	.64	2.0	08-26-85	1832.3	197.9	1.5	2.94	12.50
Mylan Labs	MYLN	16.38	14.50	15.13	-1.00	-6.20	26.00	11.38	-.73	-.89	.88	-2.39	.52	.28 Q	100.0	58.0	23.3	27.0	.05	.3	02-19-85	53.6	12.5	5.9	.09	1.22
Newport Pharm	NWPH	10.00	8.38	10.00	.38	3.90	13.75	4.50	-1.07	3.90	-.40	-3.07	.05	.15 Q	NE	NC	6.7	NE	.80	8.0	05-23-85	9.0	.6	3.2	.21	.96
Par Pharm	PARP	17.75	15.50	16.75	-.50	-2.90	23.25	8.50	-.41	-1.26	-6.95	-6.97	.47	.09 N	22.0	NC	16.5	33.5	.00	.0	00-00-00	17.0	2.8	3.3	.00	1.84
Pfizer Inc	PFE	49.00	45.63	45.75	.50	1.11	53.75	34.38	.05	-1.17	1.32	-2.74	3.08	.39 S	13.5	15.0	13.2	13.9	1.48	3.2	07-26-85	3854.5	507.9	2.3	2.10	15.45
Reid Prov Labs	REID	4.50	4.13	4.19	-.31	-6.94	6.63	2.88	-.13	.07	-2.41	-11.23	.13	.01 F	8.3	27.0	6.0	32.2	.04	1.0	12-10-84	16.6	1.0	3.1	.02	.92
Robins, AH	QRAH	7.86	6.88	7.50	-.38	-4.76	24.38	5.50	-.24	-.20	-5.39	-40.22	-18.44	-20.13 S	-100.0	NC	-73.0	NE	.00	.0	11-19-84	631.9	-461.6	1.7	.47	-5.23
Rorer Group	ROR	47.00	39.38	46.50	5.25	12.73	47.00	24.00	.74	2.73	2.16	34.47	2.08	-.03 S	-1.4	5.0	8.5	22.4	1.12	2.4	08-05-85	522.1	44.3	1.9	2.18	11.07
Scherer RP Co	SCHC	12.63	12.13	12.50	.13	1.01	13.50	8.63	-.14	.34	-7.05	-18.40	-.43	-.96 Q	-100.0	NC	-2.0	NE	.32	2.6	09-11-85	167.4	-3.4	1.7	4.07	9.72
Searle, GD	SRL	64.88	64.63	64.75	.13	.19	65.50	46.50	.15	.33	-2.93	.00	3.24	.09 S	2.6	13.0	13.0	17.9	1.00	1.5	08-02-85	1245.8	161.6	2.1	3.46	17.37
Squibb Corp	SQB	69.88	66.50	69.25	1.38	2.03	72.88	46.00	.19	.57	.07	-16.78	3.68	.39 S	11.2	18.0	10.5	17.9	1.76	2.5	08-12-85	1886.0	197.2	2.3	3.74	24.87
Sterling Drug	STY	35.50	31.00	35.25	4.25	13.71	35.50	26.13	.47	1.67	2.72	-7.42	2.37	.14 S	6.1	4.0	7.8	14.4	1.20	3.4	08-08-85	1827.3	143.4	2.6	1.32	15.34
Syntex Corp	SYN	64.88	62.50	64.50	1.25	1.98	65.63	45.25	.37	.57	1.11	3.08	4.65	.57 F	14.0	16.0	15.8	13.9	1.92	3.0	05-13-85	948.5	150.0	2.1	5.36	18.81
Thompson Med	TM	15.50	15.25	15.25	-.13	-.81	18.38	13.25	.10	.18	2.42	11.21	2.20	-.67 S	-30.7	22.0	10.8	10.1	.40	2.6	09-24-85	197.2	21.2	4.3	.00	7.09
Upjohn Co	UPJ	114.50	105.00	111.38	5.13	4.82	122.50	53.25	.24	.60	-1.59	14.12	5.67	-.61 S	-10.1	.0	8.0	20.6	2.80	2.5	09-27-85	2179.1	173.3	1.7	12.47	37.00
Warner-Lambrt	WLA	38.88	33.75	34.25	-3.00	-8.05	46.50	31.00	-.04	-1.06	2.32	69.83	2.81	.28 S	10.4	6.0	7.1	11.5	1.48	4.3	08-05-85	3166.7	223.9	1.7	6.47	18.18
Zenith Labs	ZENI	20.25	17.38	19.50	.25	1.30	29.50	5.25	-.66	-.20	-1.45	3.33	.28	.44 S	244.4	85.0	7.7	31.5	.00	.0	06-19-85	37.5	2.9	2.6	.27	1.99

All data is based on sources believed to be reliable, but its accuracy is not guaranteed. Every effort will be made to correct errors, when discovered, in future issues.

Footnotes:

NA - Not Applicable
NC - Not Calculable
NE - Negative Earnings
NM - No Meaningful Figure
Q - First Quarter
S - First 6 Months
N - First 9 Months
F - Fiscal Year

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Cosmetics biz booming, but fragrances off

Beauty Beat

Marjorie Shaffer

Cosmetics sales are climbing high in independent and chain drug stores while fragrance sales are sluggish or down.

That information comes from the latest survey by Goldman Sachs of fragrance and cosmetics buyers at chain and independent drug stores.

This important survey is the third such report from analysts Jack Salzman and Greg Ostroff. They polled buyers responsible for over 3,000 outlets in this survey, and, in contrast to the last survey, 88% of the buyers were from chains.

The major conclusions of the study were:

- Unit and dollar sales growth in fragrances is lower than six months ago.
- Cosmetics sales are up in both dollars and units.
- Consumers are more willing to trade up in price, especially for fragrances.
- Manufacturer price increases are slowing down, but many buyers report that pricing is 6% to 10% ahead of last year.
- Inventories for fragrances and cosmetics are still above target.
- The best selling fragrances remain Stetson in the men's category and Vanderbilt in the women's arena. Vanderbilt expanded its lead over second place Forever Krystle. However Chaps from Ralph Lauren placed a solid second in the men's market, moving from runnerup in the last survey.
- Cover Girl and Revlon still hold the biggest rank in make-up and treatment, respectively. Almay again scored high on this survey as the second best-selling treatment line in drug outlets.
- Superior ratings were given to Cosmair's L'Oreal and Warner fragrance divisions, and L'Oreal perhaps on the coattails of its successful Visuelle launch, placed as the third best-selling make-up line behind the dominant leader Cover Girl and the second ranked Revlon. Maybelline moved down one notch to runner up.
- Overall, Revlon received more favorable ratings, especially in its service to chains.

* * *

In general, according to Goldman Sachs, buyers report shoppers are more willing to trade up in price, particularly for fragrances. A whopping 73% of the sample said that consumers are buying more high-priced fragrances, while only 4% said that consumers are becoming more price-conscious. Undoubtedly, this situation reflects the fairly widespread distribution of prestige, mostly diverted, fragrances that have been finding their way into drug stores.

Gregg Ostroff told *Beauty Beat* that the trading-up trend also reflects an increase in discretionary income.

Despite the popularity of prestige fragrances, buyers report they are increasing the selling space for some mass lines, including *Jovan and Revlon*. An unusually large number said they were increasing the space for Warner.

However, one buyer is quoted as saying:

"The industry is as saturated as ever. Mass fragrances have been hurt by the prestige lines. All weaklings in mass have had to be eliminated to replace with prestige—no more footage is needed in the category, only elimination of the slow ones."

* * *

In the area of promotions, many buyers reported that promotional sales are rising. In fragrances, some 24% of the buying sample noted that 26% of sales are sold on promotion while in cosmetics 40% of those polled noted that promotional sales account for between 11% and 20% of sales. The increase in promotions, however, is not without its risks. Said one buyer: "Sales of shaded cosmetics are flat. We are over promotionalized by vendors, with everyone wanting their share. Too many promos take away sales from the basics we carry all year-round. How many "yellow" nail colors by various vendors does a drug chain need? Just watch consumers in a store with over 150 promotions in a cosmetic department. The customer doesn't even look at your basic department."

Buyers rank best-selling products

*Men's fragrances		Women's fragrances	
1. Stetson	53.8%	1. Vanderbilt	80.3%
2. Chaps	48.7	2. Forever Krystle	21.2
3. English Leather	20.5	3. Chanel	13.6
Runner-Up		**Runner-Up**	
Old Spice	17.9%	Charlie	9.1%
Make-up		**Treatment**	
1. Cover Girl	68.1%	1. Revlon	87.2%
2. Revlon	45.8	2. Almay	64.1
3. L'Oreal	27.8	3. Oil of Olay	17.9
Runner-Up		**Runner-Up**	
Maybelline	13.9%	Bonne Bell	15.4%
		Ultima	15.4

**Source: Goldman Sachs Fragrance and Cosmetic Buyer survey.*

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Deep discount drug industry grows rapidly

Continued from page 1

Glassman in Ohio and Cecille and Sonny Raichlen in Detroit.

In the two years since 1983, when this segment began to clearly manifest its dramatic growth potential, sources estimate that the universe of deep-discount drug stores grew by some 150-plus stores.

Both of the two major chains in this segment doubled in size. By the end of this year, Drug Emporium should have close to 90 stores, compared to 34 in 1983, while F & M should have 28, compared to 14 in 1983.

The rest of the expansion was, and, still is, coming from well-funded major retail players finding their way into this new market to "test out" the concept.

Supermarkets General, the supermarket company that also operates Pathmark drug stores, now has over 15 deep-discount drug stores, including 12 Heartland stores recently acquired from Purity Supreme. Safeway is still testing Drugs For Less and Kroger is giving SupeRx, its drug store division, the go-ahead to expand Drug World.

In the chain drug segment, Rite Aid has begun a major expansion of its Drug Palaces, while Revco seems set to expand Get it For Less. Perry is expanding A. L. Pri¢e and Melville, parent of CVS, is expected to expand Freddy's.

So far, only a handful of chains have chosen to stop testing deep-discount drug stores: Medicare-Glaser shut down its Megs after just six months, American stores did the same with its FAD and so did Fay's with its Jay-Jay's.

However, although most of the companies still experimenting with the format have positive things to say about the segment "officially," many are still having what can only be described as mixed results with their tests and only a few, like Rite Aid, Perry Drug, Shoppers and SupeRx, are officially committed to opening a significant number of new stores.

Future growth

Moreover, although some sources have predicted that this segment will top $15 million in sales by the end of this decade, a number of executives for the established "pure" deep-discount drug companies feel that the major retailers are not suited, either temperamentally or by training, to make deep-discount drug stores work.

Almost all cite the growing complexity and competitiveness of the market as factors that will eventually discourage the more traditional retailers, particularly the drug and food chains, from continuing to pursue this avenue of growth.

They also say there is a "learning curve" that deep-discount drug store retailers must master before their investments can prove lucrative. This curve can be particularly painful to negotiate, they point out, because it involves committing millions to the experiment "for one, two, maybe three years," before the investment begins to prove profitable.

"That's very hard for most traditional public companies to do," says a source for one of the two major deep-discount drug chains. "Can you imagine an executive for one of the public drug chains going to the board of directors to explain that this store which will stock more than $1.5 million in inventory and which will probably cost $300,000 a year or so to occupy plus labor costs and other related costs, that this store is probably going to lose $300,000 its first year and maybe $100,000, the next, and possibly will begin making money its third year? They're going to say, 'Why should we do that when we can open a conventional store at about a quarter the investment and probably start making money the second year?'"

Profitability

"It is not as lucrative as the industry thinks," says another executive for one of those same two drug chains, "and it takes a lot more work than many people realize. Too many people think that all you have to do is open one of these stores and you start making money. That isn't true. What is true is that the business gets harder evey day."

1985 Estimated per store dollar volume deep-discount drug stores

Per store averages	Stores achieving that average	% of deep-discount stores
Over $10 million	25	8%
$6 to $9.9 million	75	25
Less than $6 million	200	67

Source: Drug Store News *estimates*

In addition to getting harder, those involved in deep discounting also say the business is changing every day. That if someone like Fred and Margaret Cohen or Bernie Shulman or Marc Glassman—the names associated with the pioneering of deep discounting in the late 50's and early 60's and 70's were to start up today, they would probably still make it, but not with the high double-digit stores that some of them have achieved.

"If Bernie or Mark were to start up today," says one source, "they'd make it, but they wouldn't make it with the $30 million store. Today they'd cap out at around $10 million or $15 million."

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Detailing visits to drug chains increase by 20%

NEW YORK — Drug manufacturers have stepped up their detailing efforts to the chains, with an almost 20% increase in chain drug store detailing visits in the past year.

In a nationwide study of pharmaceutical manufacturers' detailing efforts, *Drug Store News* has learned that although company reps have beefed up their visits to the chains, pharmacists complain they are receiving less information than they would like with each visit.

However, the study cited new product introductions as one area pharmaceutical detail people are doing a good job

According to the data, 61% of the chain pharmacists questioned said they were visited by a detail person once every two months this year compared to 52% the previous year.

Rx detailing study

On the other hand, of the 43 manufacturers cited in *DrSN*'s survey questionnaire, only four were mentioned by at least 25% of the chain and independent pharmacists as maintaining scheduled visits of once every two months. They were: Lilly/Dista, Wyeth, Upjohn and Parke-Davis.

At the independents' level, visits by manufacturers' reps showed no change over last year; 71% of the independents reported they were seen by a drug detail person once every two months.

Furthermore, it was shown that an astonishing 86% of the pharmaceutical manufacturers were likely never to visit a chain drug store.

Overall, the study showed that drug manufacturers have increased the frequency of detail visits to the chains. Some chain execs say that one reason for the increase is the sophistication of the medications being developed today.

"It is our policy to see all the manufacturers' reps at our buying offices," said Roland Knocke, prescription drug buyer at Medicare-Glaser, St. Louis. "For the most part, detail people are not allowed in our stores. Anything they want our pharmacists to know about their product is conveyed to our stores through a newsletter we send our pharmacists. But we realize that the recent development of certain new drug delivery systems just cannot be communicated through a newsletter, so we have begun to let the reps visit our stores and detail our pharmacists on selected products."

Knocke cited a current example in a new inhaler introduced by Glaxo.

"In talking to our pharma-

Continued on page 43

Per cent of pharmacists visited by manufacturers' reps

	Total	*Chain*	*Independent*
Ever see detail persons	98%	97%	99%
Once every 2 months	64	61	71
Once every 3-6 months	25	26	22
Less than once every 6 months	9	11	6
Never see detail persons	1	1	1
Don't know	1	1	1

Source: Lebhar-Friedman Research

Per cent of pharmacists who desire manufacturers' reps visits

	Total	*Chain*	*Independent*
Want to see detail persons	97%	96%	99%
Once every 2 months	74	72	78
Once every 3-6 months	20	21	19
Less than once every 6 months	3	3	2
Do not want to see detail persons	2	3	1
Don't know	1	1	1

Source: Lebhar-Friedman Research

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†Pharmacy Times, April, 1985, IMS Survey.

Pharmacists seek better detailing information

Continued from page 42

cists we discovered that a large proportion of their customers did not know how to use the new inhaler and therefore were not getting the proper dosage of drug each time they used the product. That concerned us," said Knocke. "We commissioned Glaxo to send their reps into our stores to educate the pharmacist with on-the-job training on how to use the inhaler.

Below expectations

Although the reps are getting into the stores more often, it is still below the pharmacists' expectations.

Almost three-quarters (72%) of the chain pharmacists interviewed said they would like to see a detail person once every two months while 21% said that visits once every 3-6 months are sufficient. The study revealed that 26% of the chain pharmacists said they were already seeing a detail person every three to six months. Only 3% indicated they would like to see a manufacturer's rep less than once every six months (11% said they were already seeing the rep less than once every six months) and 3% said they didn't care if a rep came to see them or not.

Rx detailing study

A large number (64%) of chain pharmacists surveyed indicated that they were satisfied with the frequency with which they were being visited while 11% said they could be visited less frequently.

Quality of information

According to the data, the quality of detailers' visits need much improvement. Virtually every area of information that the pharmacists said they would like to see covered is either not being covered or only marginally so.

Two-thirds of all the pharmacists said that two areas of information they would like to receive are not being covered at all:"Warnings about possible adverse drug interactions" (86% desired this information but only 34% are currently receiving it) and "Warnings on possible drug interactions." (Eighty-five per cent said they desired this information but only 21% are receiving it.)

Other areas of information desired included: "Insight into what the manufacturer is telling physicians about this product" (73% desire, only 42% received); "A listing of the product's competitive advantages" (62% desire, only 10% receive) and "Information

Continued on page 44

Top 10 manufacturers' reps seen by pharmacists every 2 mos.

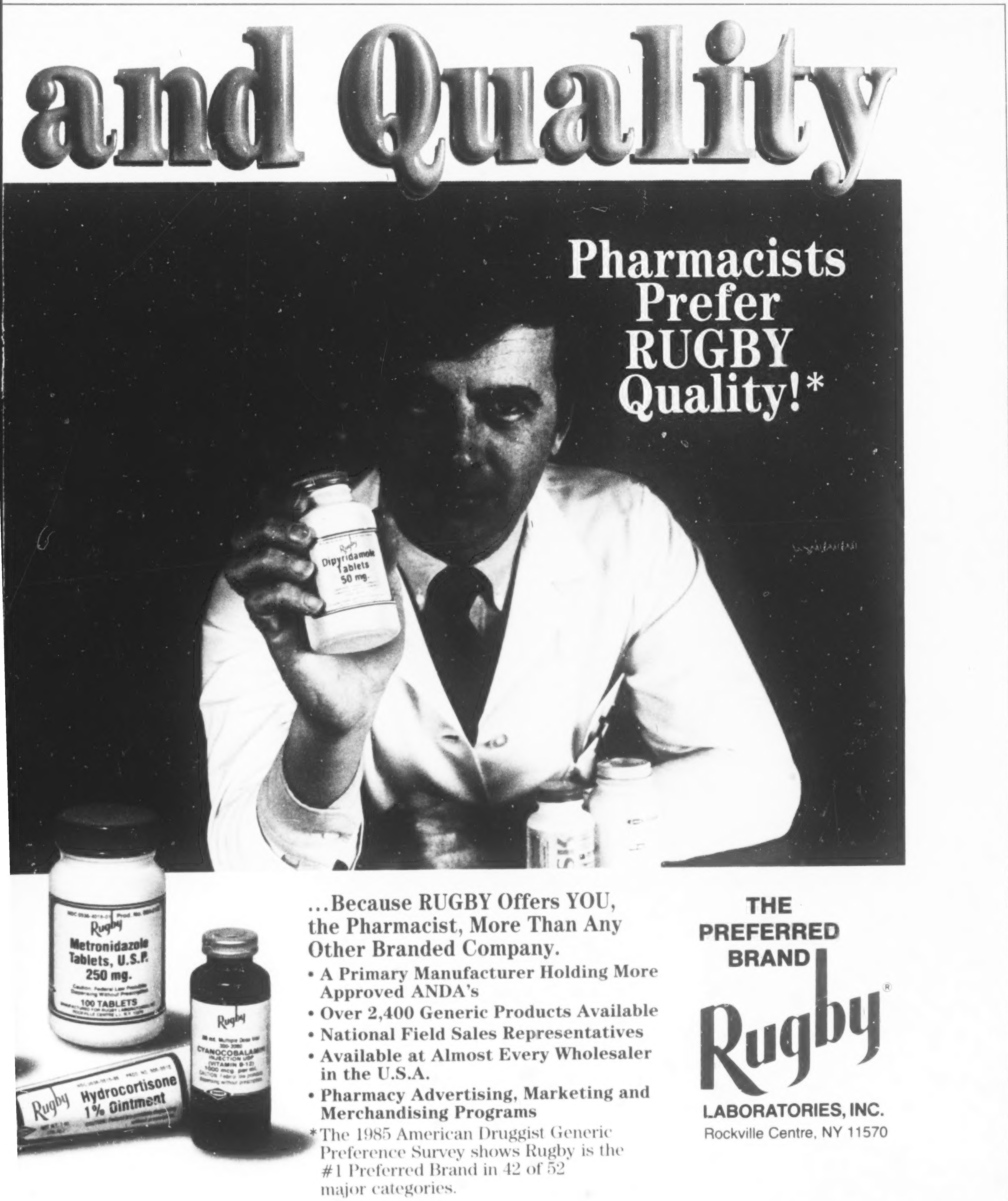
Independent Rx	Chain Rx
1. Upjohn	Lilly/Dista
2. Parke Davis Wyeth	Ortho
3. Abbott	Upjohn Parke Davis Wyeth McNeil
4. Lederle	Glaxo
5. Lilly/Dista	Schering
6. Ayerst	Abbott Squibb B-W Stuart
7. MSD	Lederle SKF
8. Beecham	MSD Searle Mead Johnson
9. Schering Squibb	Ayerst Beecham Squibb/Novo
10. B-W	Merrell Dow

Source: Lebhar-Friedman research

Top 10 manufacturers' reps seen by pharmacists every 3-6 mos.

Independent Rx	Chain Rx
1. Roche	Glaxo USV
2. Glaxo	McNeil
3. Stuart	Lilly/Dista Ortho
4. Lilly/Dista	Merrell Dow
5. Geigy	Upjohn B-W Stuart
6. Beecham	Wyeth Beecham Mead Johnson
7. Schering SKF Mead Johnson Rorer	Schering Searle Roche
8. Ortho Merrell Dow	Squibb MSD SKF Boots
9. McNeil Upjohn Hoechst Marion	Parke Davis Abbott Hoechst
10. Searle	Ayerst Ciba Syntex Geigy Boehringer

Source: Lebhar-Friedman Research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Rx advice ranked high

Continued from page 43

about why the cost of the product is justified" (60% desire only 15% receive).

In three areas of information, more than half of the pharmacists surveyed said that the manufacturers are doing a pretty good job. These were: "Information about how this product is unique" (76% desire, 54% are receiving), "Information for advising patients how to use the product" (80% desire, 57% receiving) and "A listing of the product's competitive advantages" (62% desire, 63% are receiving).

When asked what information they considered "most important," 28% of the pharmacists said "instructions for advising patients how to use the product," 11% cited "Warnings about possible adverse reactions" and 5% said "Warnings on possible drug interactions."

Rx detailing study

At Harco Drug new cut-outs in the pharmacy department counter offers the chain's pharmacists an opportunity to talk with patients on possible adverse reactions and drug interactions.

"The information that is brought with the detail people is especially important to us now," said Wyatt Williams, pharmaceutical buyer for the Northport, Ala., chain. "Our pharmacists are being encouraged to use the cut-out section at our pharmacy counters to consult with patients on their medications. The more information they are armed with the better the consultation. To my mind, you cannot learn too much about a particular drug."

New product introductions

Without question, a major reason for a detailer's visit to a pharmacy is for the introduction of a new product.

The average number of new products carried by pharmacies in 1985 decreased only slightly over 1984. In 1985, the

Continued on page 50

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Detailing seen as key in product launches

Percentage of pharmacists visited on new product launches

Product	Manufacturer	Chain	Independent
*Augmentin**	*Beecham*	53%	79%
*Nicorette**	*Merrell Dow*	50	60
*Micronase**	*Upjohn*	40	67
*Maxzide**	*Lederle*	39	64
*Ortho Novum 7/7/7**	*Ortho*	44	47
*Monistat-3**	*Ortho*	44	46
*DiaBeta**	*Hoechst*	42	49
*Triphasil**	*Wyeth*	36	54
*Tenoretic**	*Stuart*	37	47
*Trandate**	*Glaxo*	31	49

**Visits were rated "very satisfactory" by one-half to three-quarters of the pharmacists*

Source: Lebhar-Friedman Research

Continued from page 44

Rx detailing study

average number of new products stocked by chain stores was 28.1 compared to 32.5 in 1984. The number of new products carried by independents in 1985 was 31.4, down from 34.5 in 1984.

Concerning 25 manufacturers who introduced a new product in 1985, almost half of the pharmacists (45%) reported getting a visit within the first six months of the product's launch.

According to Bob Versharen, prescription drug buyer at Thrift Drug, the process of introducing a new drug generally requires at least two visits.

"Many of the pharmaceutical companies introducing a new product like to get the word out as soon as possible, sometimes as much as 6-8 weeks before final FDA approval," said Versharen. "This creates some excitement in the marketplace. But by the same token, a second or third visit is necessary once the drug gets final FDA approval so that we can be told about approved indications, side effects and how the drug will be positioned within its therapeutic category."

Among those pharmaceutical companies that introduced new products last year, Beecham Laboratories received the highest accolades from pharmacists for the introduction of its antibiotic, Augmentin; 62% of the pharmacists interviewed said they received a visit from a Beecham detail person within the first six months of its product launch.

In second place was Merrell Dow with 53% of the pharmacists reporting they had seen a detail person within six months of its Nicorette product launch.

Other products include, in descending order as reported by at least 40% of the pharmacists: Micronase (Upjohn), Maxzide (Lederle), Ortho Novum 7/7/7(Ortho), Monistat-3(Ortho), DiaBeta(Hoechst), Triphasil(Wyeth), Tenoretic (Stuart), and Trandate(Glaxo).

Types of information

	Would like to receive		Currently receiving	
	Chain	Indy.	Chain	Indy.
*Adverse reaction warnings**	87%	86%	34%	36%
*Drug interaction warnings**	85	84	20	26
*Patient usage advice**	82	78	56	59
*Product uniqueness**	76	75	53	53
*Medical insight**	71	76	41	41
Competitive advantages	62	62	63	54
Competitive disadvantages	62	61	9	13
Cost justification	60	60	16	17
Clinical testing	46	53	41	43
Prescription frequency	30	32	30	35
Performance abroad	27	28	24	29

**Considered "most important" by both chains and independents*

Source: Lebhar Friedman Research

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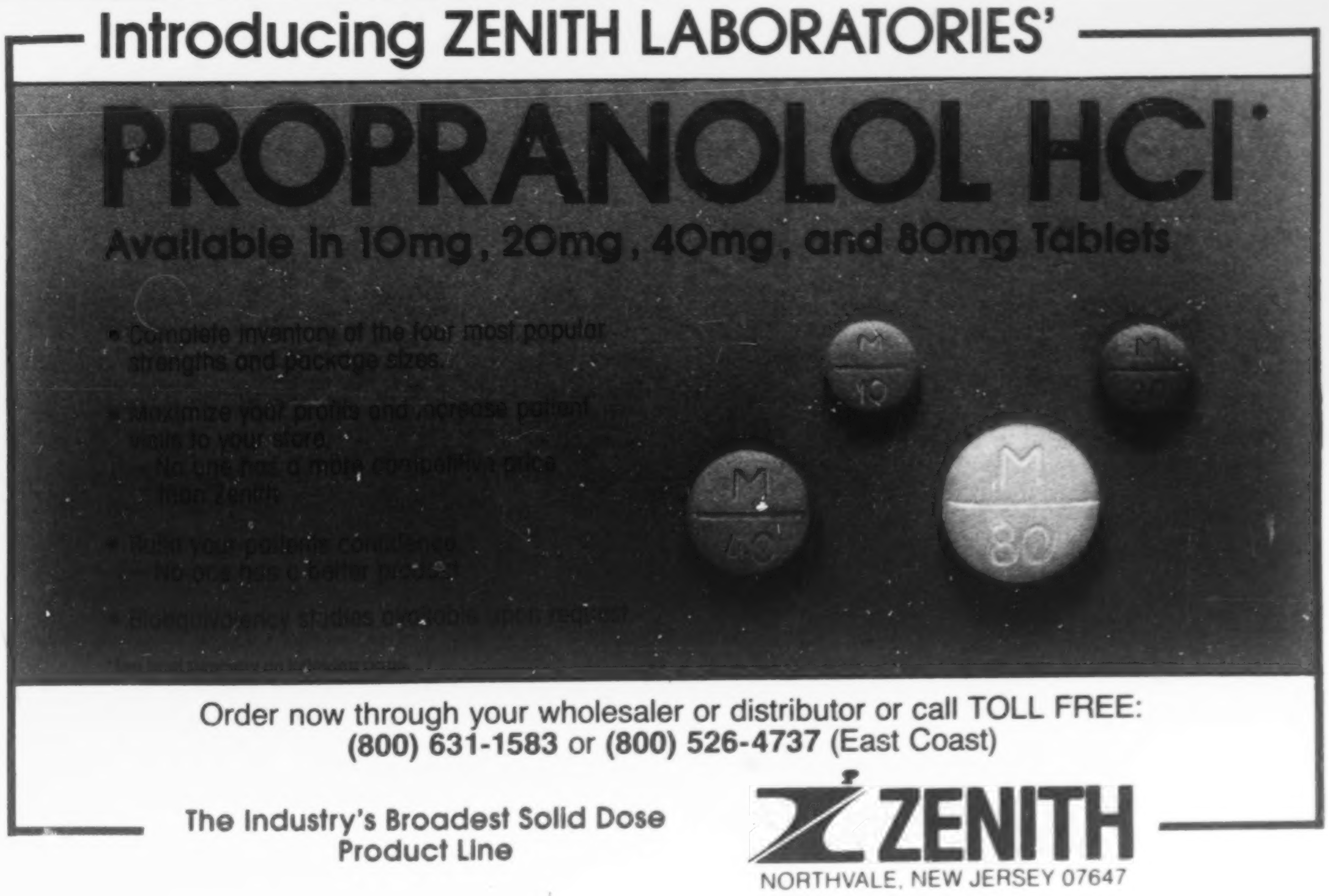
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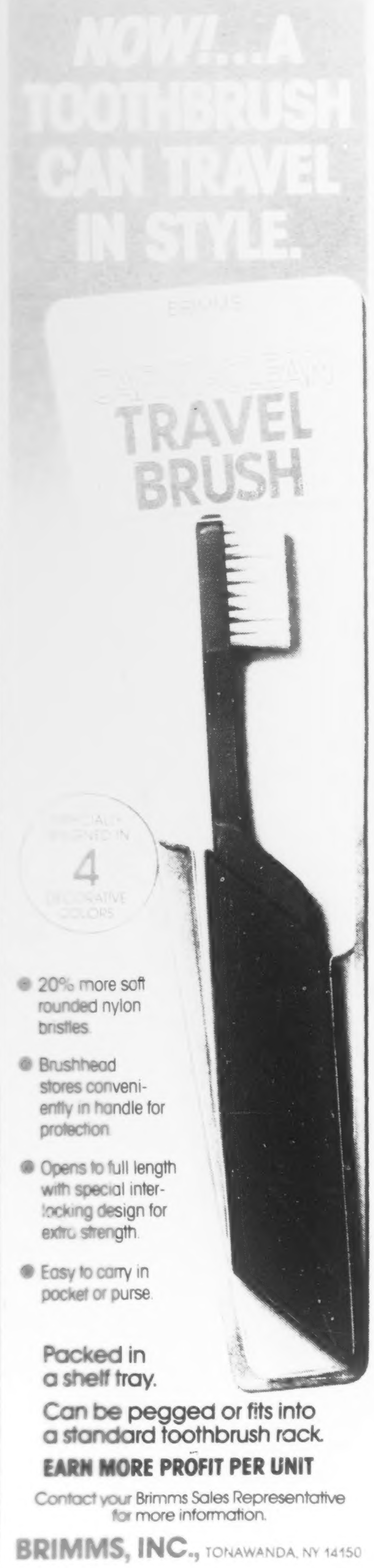
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